LOCAL AGENCY FORMATION COMMISSION ORANGE COUNTY

12 Civic Center Plaza, Room 235 Santa Ana, CA 92701 (714) 834-2556 • FAX (714) 834-2643

REGULAR MEETING AGENDA

Wednesday, July 12, 2006, 9:00 a.m.
Planning Commission Hearing Room, Hall of Administration
10 Civic Center Plaza, Santa Ana

Any member of the public may request to speak on any agenda item at the time that item is being considered by the Commission.

- 1. CALL THE MEETING TO ORDER
- 2. PLEDGE OF ALLEGIANCE BY COMMISSIONER SUSAN WILSON
- 3. ROLL CALL
- 4. OATHS OF OFFICE FOR COMMISSIONERS C. WILSON, S. WILSON, AND WITHERS
- 5. APPROVAL OF MINUTES:
 - **a.**) May 10, 2006 Regular Commission Meeting
- 6. PUBLIC COMMENT

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.

7. CONSENT CALENDAR

a.) Legislative Report

The Commission will receive the quarterly report on legislation of interest to LAFCO.

b.) Signal Landmark Reorganization to the Orange County Sanitation District (RO 05-60)

The Commission will consider the annexation of approximately 71 acres of territory located in the unincorporated Bolsa Chica Ecological Reserve to the Orange County Sanitation District for the extension of sewer service.

c.) Adoption of Updated California Environmental Quality Act (CEQA) Guidelines

The Commission will consider the adoption of updated local CEQA Guidelines prepared by Best Best & Krieger LLP.

8. CONTINUED PUBLIC HEARING

<u>Items continued from the Commission's March 2006 meeting:</u>

a.) Sphere of Influence Review for the City of Los Alamitos (SOI 05-31)

The Commission will consider the sphere of influence review report for the City of Los Alamitos. The Commission will also consider the Negative Declaration prepared for this sphere of influence review in compliance with the California Environmental Quality Act.

b.) Sphere of Influence Review for the City of Seal Beach (SOI 05-32)

The Commission will consider the sphere of influence review report for the City of Seal Beach. The Commission will also consider the Negative Declaration prepared for this sphere of influence review in compliance with the California Environmental Quality Act.

c.) Sphere of Influence Review for the Rossmoor Community Services District (SOI 05-33)

The Commission will consider the sphere of influence review report for the Rossmoor Community Services District. The Commission will also consider the Negative Declaration prepared for this sphere of influence review in compliance with the California Environmental Quality Act.

9. PUBLIC HEARING

a.) Municipal Service Review for the City of Costa Mesa (MSR 06-26)

The Commission will consider the municipal service review report for the City of Costa Mesa. The Commission will also consider the Negative Declaration prepared for the municipal service review in compliance with the California Environmental Quality Act.

b.) Municipal Service Review for the City of Newport Beach (MSR 06-28)

The Commission will consider the municipal service review for the City of Newport Beach. The Commission will also consider the Negative Declaration prepared for the municipal services review in compliance with the California Environmental Quality Act.

c.) West Santa Ana Heights Reorganization to the City of Newport Beach (RO 06-25)

The Commission will consider a proposal initiated by the City of Newport Beach to amend the city's sphere of influence to include the community of West Santa

Ana Heights, which is currently contained in the City of Costa Mesa's sphere of influence, and annex the territory to the City of Newport Beach.

d.) Banning Ranch Sphere of Influence Amendment to the City of Costa Mesa (SOI 06-20)

The Commission will consider a proposal initiated by the City of Costa Mesa to amend the city's sphere of influence to include the area commonly referred to as Banning Ranch, which is currently contained in the City of Newport Beach's sphere of influence.

10. COMMISSION DISCUSSION

a.) Strategic Plan Update

The Commission will receive a mid-year update on its 2006 Strategic Plan and 2005-2007 Work Plan.

b.) Rancho Mission Viejo Update

The Commission will receive an oral update on future governance options for the Rancho Mission Viejo development.

11. COMMISSIONER COMMENTS

This is an opportunity for commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

a.) CALAFCO Annual Conference 2006

The Commission will receive information on the CALAFCO Annual Conference, which will convene at the Westin Horton Plaza Hotel in San Diego from September 5 through September 7, 2006.

13. CLOSED SESSION

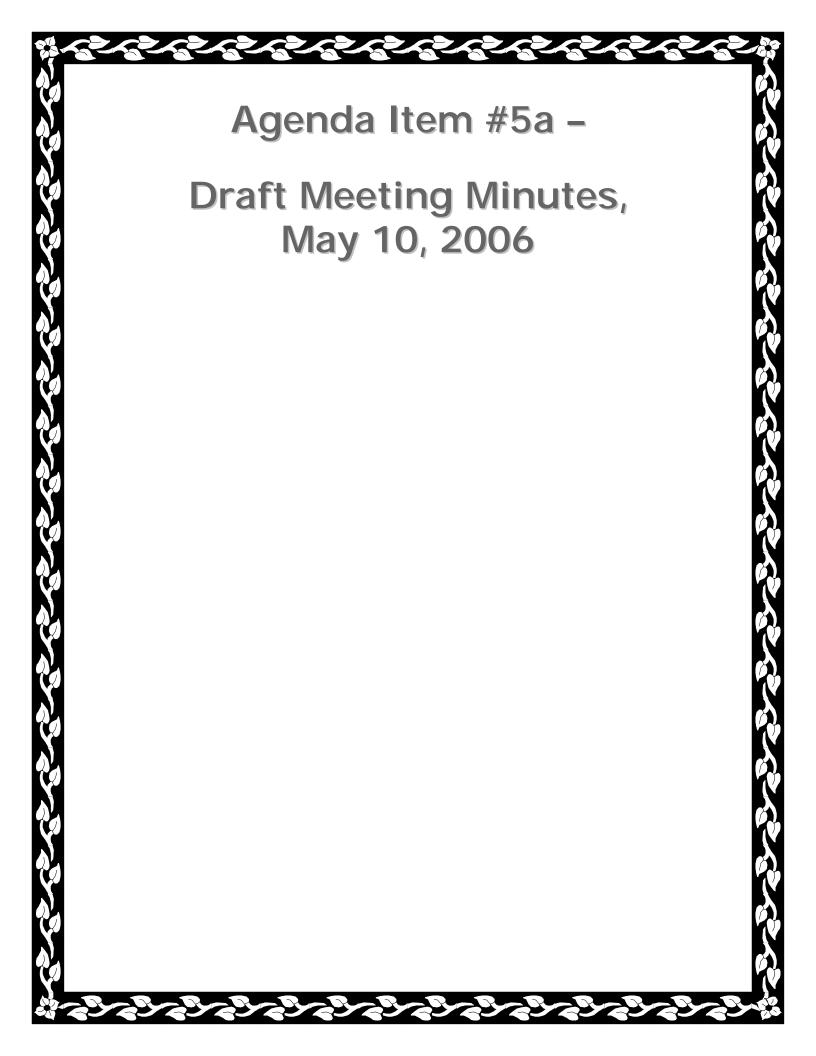
Conference With Labor Negotiator Pursuant to Government Code Section 54957.6

Agency Designated Representative: Executive Officer Unrepresented Employees: Commission Staff

14. ADJOURNMENT

NOTICE: State law requires that a participant in a LAFCO proceeding who has a financial interest in a decision and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

LAFCO agendas are available on the Internet at http://orange.lafco.ca.gov/agenda/index.htm.







DRAFT MINUTES

LAFCO REGULAR MEETING Wednesday, May 10, 2006, 9:00 a.m. Planning Commission Hearing Room, Hall of Administration 10 Civic Center Plaza, Santa Ana, CA

(Any member of the public may request to speak on any agenda item at the time that item is being considered by the Commission.)

1. CALL TO ORDER

Chair Robert Bouer called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:02 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Charley Wilson led the pledge of allegiance.

3. ROLL CALL

The following commissioners and alternates were present:

- Commissioner Robert Bouer
- Commissioner Bill Campbell
- Commissioner Peter Herzog
- Commissioner Arlene Schafer
- Commissioner Susan Wilson
- Commissioner Tom Wilson
- Alternate Commissioner James Silva
- Alternate Commissioner Charley Wilson

The following LAFCO staff members were present:

- Legal Counsel Clark Alsop
- Executive Officer Joyce Crosthwaite
- Assistant Executive Officer Bob Aldrich
- Project Manager Kim Koeppen
- Project Manager Carolyn Emery
- Communications Analyst Danielle Ball
- Administrative Assistant Daphne Charles

4. APPROVAL OF MINUTES

a.) April 12, 2006 – Regular Commission Meeting

MOTION: Approve minutes from April 12, 2006, as presented and

without revision (Bill Campbell)

SECOND: Arlene Schafer

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene

Schafer, Charley Wilson

AGAINST: None

ABSTAIN: Susan Wilson, Tom Wilson

MOTION PASSED

5. PUBLIC COMMENT

Chair Bouer requested public comments on any non-agenda item. Receiving no comments, he closed the public comment agenda item.

Executive Officer Crosthwaite indicated that Joe Sanchez of Best, Best & Krieger LLP would provide an informational presentation on the laws pertaining to sexual harassment in the workplace during informational items and announcements, agenda item "10."

6. CONSENT CALENDAR

- a.) Quarterly Budget Update
- b.) Improvement District No. 1 (IRWD ID 253) Annexation to the Orange County Sanitation District (DA 06-09)
- c.) Talega Annexation No. 31 to the City of San Clemente (CA 05-04)
- d.) Talega Annexation No. 36 to the City of San Clemente (CA 05-09)
- e.) Talega Annexation No. 38 to the City of San Clemente (CA 05-11)
- f.) Talega Annexation No. 39 to the City of San Clemente (CA 05-12)

MOTION: Approve consent calendar (Tom Wilson)

SECOND: Charley Wilson

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene

Schafer, Charley Wilson, Susan Wilson, Tom Wilson

AGAINST: None ABSTAIN: None MOTION PASSED

7. PUBLIC HEARING

- a.) Municipal Service Review and Sphere of Influence Update for the City of Yorba Linda (MSR 06-21 & SOI 06-22) and Yorba Linda Water District (MSR 06-23 & SOI 06-24)
- b.) Adoption of Final LAFCO Budget for Fiscal Year 2006-2007

7a. Municipal Service Review and Sphere of Influence Update for the City of Yorba Linda (MSR 06-21 & SOI 06-22) and Yorba Linda Water District (MSR 06-23 & SOI 06-24)

Communications Analyst Ball presented the staff report for the municipal service review (MSR) and sphere of influence (SOI) update for the City of Yorba Linda (MSR 06-21 & SOI 06-22) and Yorba Linda Water District (MSR 06-23 & SOI 06-24).

Regarding the City of Yorba Linda, Ms. Ball said that staff did not note any significant issues in completing the MSR and SOI review. She recommended that the Commission reaffirm the city's current sphere of influence.

Regarding the Yorba Linda Water District (YLWD), Ms. Ball said that, while staff did not note any significant issues in completing the MSR and SOI review, staff was proposing modifications to the district's sphere of influence. She explained that, because YLWD extends water and sewer service to many areas beyond its current service territory within the City of Yorba, staff recommended changing the district's sphere to include all territory within the City of Yorba Linda's corporate and sphere of influence boundaries, with the exception of an area in the southeastern corner of the city's sphere, which includes territory belonging to the Chino Hills State Park.

Commissioner S. Wilson complimented staff on a job well done.

Executive Officer Crosthwaite added that the district's Board of Directors was very impressed with the report and intends to utilize the report to educate its ratepayers and future Board members about the district's operations.

Chair Bouer opened the public hearing. Receiving no comments, he closed the public hearing.

MOTION: Approve staff recommendations for the City of Yorba

Linda, including the reaffirmation of the city's current

sphere of influence (Bill Campbell)

SECOND: Charley Wilson

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene

Schafer, Charley Wilson, Susan Wilson, Tom Wilson

AGAINST: None ABSTAIN: None MOTION PASSED

MOTION: Approve staff recommendations for the Yorba Linda

Water District, including changes to the district's

current sphere of influence (Bill Campbell)

SECOND: Charley Wilson

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene

Schafer, Charley Wilson, Susan Wilson, Tom Wilson

AGAINST: None ABSTAIN: None MOTION PASSED

7b. Adoption of Final LAFCO Budget for Fiscal Year 2006-2007

Assistant Executive Officer Aldrich presented the final LAFCO budget for Fiscal Year (FY) 2006-2007. He explained that the proposed budget had been circulated to LAFCO's funding agencies for review and comment, and staff received no comments. He further added that since the April LAFCO meeting, during which the Commission considered the proposed budget, ISDOC had modified its formula for dividing the LAFCO funding allocation, thereby ensuring a more equitable split amongst its agencies as demonstrated in the staff report.

Responding to a question posed by **Commissioner Schafer**, Mr. Aldrich affirmed that the electronic distribution of LAFCO documentation has resulted in significant savings in both time and materials.

Chair Bouer opened the public hearing on agenda item "7b." Receiving no response, he closed the public hearing without any comments from the public.

MOTION: Adopt the LAFCO final budget for FY 2006-2007 and

related staff recommendations (Bill Campbell)

SECOND: Tom Wilson

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene

Schafer, Charley Wilson, Susan Wilson, Tom Wilson

AGAINST: None ABSTAIN: None MOTION PASSED

8. COMMISSION DISCUSSION

a.) LAFCO 2006 Calendar Revision

8a. LAFCO 2006 Calendar Revision

Executive Officer Crosthwaite indicated that there was nothing on the docket for the Commission's June meeting and said that meeting cancellation was at the Commission's discretion.

MOTION: Amend LAFCO 2006 calendar, canceling the meeting

scheduled to convene June 7, 2006 (Arlene Schafer)

SECOND: Charley Wilson

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene

Schafer, Charley Wilson, Susan Wilson, Tom Wilson

AGAINST: None ABSTAIN: None MOTION PASSED

9. COMMISSIONER COMMENTS

Chair Bouer opened the floor for comments.

Commissioner Campbell debriefed his fellow commissioners on the latest discussions between the County, City of Orange, and Orange County Sanitation District (OCSD) re sewer service provision in unincorporated Orange Park Acres (OPA). He stated that former OCSD General Manager, Blake Anderson, had agreed to spearhead the OPA annexation, which didn't occur, and now the City of Orange has refused to execute any additional out-of-area agreements without negotiations between the city, County, and OCSD.

Commissioner Campbell indicated that he had directed the County Executive Officer to meet with OCSD's current General Manager, Jim Ruth, as well as Executive Officer Crosthwaite and officials from the city to resolve the issue. He expressed disappointment that the city would leverage the sewer issue to force the annexation of OPA to the city but said he was hopeful the agencies would effectively collaborate to find a solution.

Receiving no additional comments, **Chair Bouer** closed commissioner comments.

10. INFORMATIONAL ITEMS & ANNOUNCEMENTS

Executive Officer Crosthwaite introduced <u>Joe Sanchez</u> of Best, Best & Krieger LLP, who provided a session on the latest changes in California ethics laws and sexual harassment. At the conclusion of his presentation, he welcomed questions from the Commission and staff.

Commissioner Campbell initiated a discussion of special policy provisions that protect the agency, including a stipulation in the policies and procedures that directs staff to contact the chair of the Commission's executive committee if they have concerns or complaints about the Executive Officer.

Mr. Sanchez stated that "avoidable consequences" is a clear defense, as an employer cannot intervene if it is left unaware of a situation. He said that the Commission has a clear policy in place that includes a process for employees to express grievances and concerns.

Commissioner S. Wilson commented that, like child abuse allegations in an educational setting, an employer is obligated to investigate any claim of sexual harassment. Mr. Sanchez concurred, adding that the agency has an affirmative duty to investigate any claim made by an employee, even those made "off the record" or "in private."

11. CLOSED SESSION

None

12. ADJOURNMENT

Chair Bouer adjourned the meeting at 9:43 a.m.

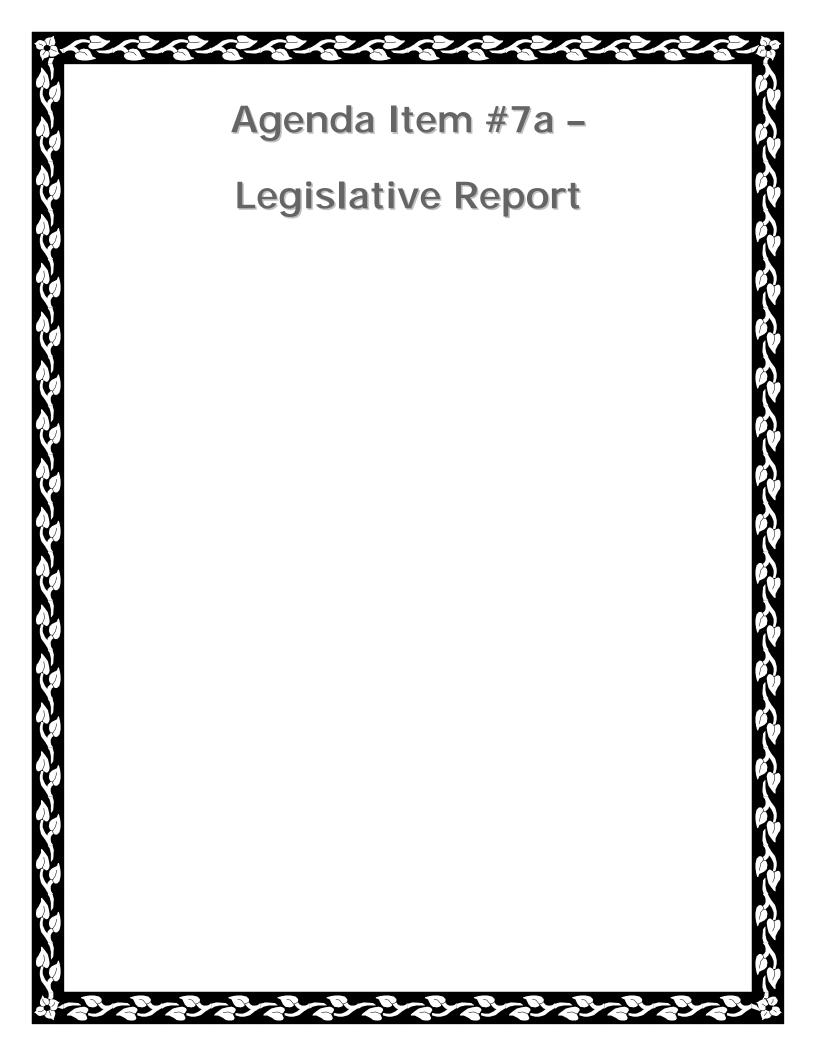
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JOYCE CROSTHWAITE

Executive Officer

Orange County Local Agency Formation Commission

By:		
	Danielle M. Ball	
	Communications Analyst/Commission Clerk	







CHAIR ROBERT BOUER Councilmember City of Laguna Woods

VICE CHAIR BILL CAMPBELL Supervisor Third District

PETER HERZOG Councilmember City of Lake Forest

ARLENE SCHAFER Costa Mesa Sanitary District

SUSAN WILSON Representative of General Public

TOM WILSON Supervisor Fifth District

JOHN WITHERS Director

Irvine Ranch Water District

ALTERNATE PATSY MARSHALL Councilmember City of Buena Park

ALTERNATE RHONDA MCCUNE Representative of

ALTERNATE JAMES W. SILVA Supervisor Second District

General Public

ALTERNATE CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE **Executive Officer**



Agenda Item No. <u>7a.</u> July 12, 2006

The change of seasons brought about the introduction of new legislation and the revival of previously introduced bills that appeared to have gone asleep in the earlier part of the legislative session. During the month of March, Governor Schwarzenegger unveiled his "Strategic Growth Plan" and began campaigning his effort across the state to highlight the need to address the issues of education, transportation and the state's infrastructure. As summer approached our legislators began the annual ritual of reviewing the Governor's proposed state budget. As our lawmakers worked diligently to meet the June 15th deadline, the budget was adopted prior to the beginning of another fiscal year and senators adjourned for Summer Recess.

Although this past year did not include plentiful bills of interest to LAFCO, there were a few bills of significance to LAFCO's authority and policies. The following report includes recommended actions for Commission consideration and a summary of the LAFCO-related bills.

RECOMMENDED ACTIONS:

Staff recommends that the Commission take the following actions:

- 1. Receive and file the July 12, 2006 Quarterly Legislative Report.
- 2. Adopt positions on 2006 legislation.

DISCUSSION:

Since our last legislative update to the Commission, the bills of interest to LAFCO are still working their way through the Legislature. As a reminder, LAFCO-related proposed legislation includes non-substantive and non-controversial changes to the Cortese-Knox-Hertzberg Act of 2000 (Omnibus Bill – AB 3074) and an effort to address the revenue loss to local governments created by Proposition 1A (AB 1602). Bills for the following additional LAFCO issues have been added to this year's legislative session since the last LAFCO quarterly legislative update:

- Extension of islands annexation legislation (AB 2223)
- Extension of LAFCO's authority for review of services to previously unserved areas(AB 2259)
- LAFCO policies as a factor in Regional Housing Needs (RHNA) Allocations (AB 2158)

Following is a summary of each of these bills and recommended legislative positions for the Commission to consider. The full text of the bills may be reviewed at http://leginfo.ca.gov.

LAFCO Bills of Interest

➤ AB 1602 (Laird-Santa Cruz)

In February 2005, Assemblyman Laird introduced a bill to address the revenue gap that was created for cities as a result of Proposition 1A, which included the state-take-away of Vehicle License Fee (VLF)/Property Tax revenues from local governments. More specifically, AB 1602 was seeking to eliminate the restriction on new cities incorporated after August 5, 2004 receiving additional allocations of VLF revenues for a period of seven years – known as the "VLF bump."

This bill would require that cities that are incorporated after August 5, 2004, but before July 1, 2009, be allocated VLF revenues in an amount determined pursuant to a specified formula. This bill would also require that cities that were incorporated before August 5, 2004, be allocated additional VLF revenues in an amount determined pursuant to a specified formula. This bill would also establish a formula to determine, for purposes

of these allocations, the population of a city that is incorporated after August 5, 2004. This bill would declare that it is to take effect immediately as an urgency statute.

• Status: Transportation & Housing Committee.

o **Next Hearing Date:** No hearing date set.

o **Recommendation:** Support

➤ **AB 2158 (Evans-**Santa Rosa)

Existing law requires that at least 2 years prior to a scheduled revision of a city or county housing element of its general plan, each council of governments or delegate subregion shall develop a proposed methodology for distributing the existing and projected housing need to cities, counties, and cities and counties within the region or subregion. The methodology includes a list of specified factors.

This bill would add to that list the factors the adopted spheres of influence for all local agencies in the region and adopted policies of the Local Agency Formation Commission.

• **Status:** Transportation & Housing Committee.

o **Next Hearing Date:** No hearing date set.

o **Recommendation**: Support

> AB 2223 (Salinas-Salinas)

Existing law requires LAFCO to approve, after notice and hearing, an annexation to a city of unincorporated island territory (consisting of 150 acres or less) if the annexation is initiated on or after January 1, 2000, and before January 1, 2007, and other conditions are met.

This bill would delete the January 1, 2007 limitation and extend this date to January 1, 2014 and would make other conforming changes.

Our Commission in collaboration with the County and several cities has been successful in annexing 27 (nearly half) of the 57 small unincorporated islands (150 acres or less) within Orange County. Based on a survey prepared by CALAFCO in April 2006, Orange LAFCO has annexed more small islands than any other LAFCO in state and is at the top of the group for island annexations that are in process with potential for annexation in the near future. Therefore, staff recommends that the Commission support AB 2223 which in passage would extend the islands legislation sunset date to January 2014.

o **Status:** Rules Committee for assignment.

o **Next Hearing Date:** No hearing date set.

o **Recommendation:** Support

➤ AB 2259 (Salinas-Salinas)

Existing law authorizes LAFCO until January 1, 2007 to review and approve a proposal that extends services into previously unserved territory within unincorporated areas and to review the creation of new service providers to extend urban type development into previously unserved territory within unincorporated areas to ensure that the proposed extension is consistent with the policies of the commission and certain policies under state law.

This bill would extend the operation of the above provision to January 1, 2013.

o **Status:** Senate Local Government Committee.

o **Next Hearing Date:** June 21, 2006

o **Recommendation:** Support

LAFCO Commission Hearing Quarterly Legislative Report July 12, 2006 Page 5 of 5

	AB 307	l (Senate Loca	l Government	Committee)
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CALAFCO is working closely with the Senate Local Government Committee and legislative staff to "clean up" various areas of the Cortese-Knox-Hertzberg Act (CKH). This remains an ongoing effort to make a series of technical and non-controversial changes to correct or clarify government code specific to the CKH Act.

o **Status:** Senate Local Government Committee, 2nd Reading.

Next Hearing Date: June 7, 2006Recommendation: Support

The Legislature will reconvene from Summer Recess on August 7, 2006. Your next quarterly legislative report will be presented at the September 13, 2006 meeting.

Respectfully submitted,	
JOYCE CROSTHWAITE	CAROLYN EMERY



Signal Landmark Reorganization to the Orange County Sanitation District (RO 05-60)





CHAIR
ROBERT BOUER
Councilmember
City of Laguna Woods

Agenda Item No. <u>7b.</u> July 12, 2006

VICE CHAIR

BILL CAMPBELL

Supervisor

Third District

PETER HERZOGCouncilmember
City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

SUSAN WILSON

General Public

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Joyce Crosthwaite, Executive Officer

Carolyn Emery, Project Manager

SUBJECT: Signal Landmark Reorganization to the Orange County

Sanitation District (RO 05-60)

PROPOSED ACTION:

Annexation of the Brightwater Project Development (includes 349 residential units) to the Orange County Sanitation District. Annexation of the proposed area to OCSD would permit the District to provide sewer service to the territory.

PROJECT LOCATION:

The proposed reorganization area is generally located in the upper mesa area of the unincorporated Bolsa Chica Ecological Reserve, southeast of Warner Avenue, north of Pacific Coast Highway, west of Bolsa Chica Street and south of Los Patos Avenue (See Exhibit A). The greater Bolsa Chica area encompasses approximately 1,600 acres located within unincorporated Orange County.

RECOMMENDED ACTIONS:

Staff recommends that the Commission take the following actions:

- 1. Adopt the form of resolution approving the "Signal Landmark Reorganization to the Orange County Sanitation District" (RO 05-60) (Attachment B) subject to the following terms and conditions:
 - a) Payment of Recorder and State Board of Equalization fees.

- b) The applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- c) The effective date shall be the date of recordation.

DISCUSSION:

Background

Orange County LAFCO began considering annexation of the Bolsa Chica Ecological Reserve in 1961. The total amount of unincorporated territory within the reserve includes approximately 1,547 acres. Development within the Bolsa Chica Ecological Reserve has been a long-standing issue and under the scrutiny of environmental activists. The latest development proposal, the Brightwater Project, owned by Hearthside Homes, has been approved to include 349 units located in the northern portion of the uplands of the Bolsa Chica area. Completion of the units is expected in January 2007.

The Brightwater Project includes: (1) the annexation of 111 acres of undeveloped, unincorporated territory to the City of Huntington Beach, and (2) the annexation of 71 acres to the Orange County Sanitation District. At the July 12th hearing, the Commission will be considering only the portion of the application proposing annexation to OCSD. Annexation of the proposed territory to the City of Huntington Beach is expected to be brought before the Commission in October/November 2006.

The unincorporated Bolsa Chica area is located within the sphere of influence of the Orange County Sanitation District (OCSD). OCSD provides regional wholesale collection and treatment of wastewater for retail public sewer agencies (e.g., Brea, Huntington Beach, Seal Beach, etc.). Annexation of this area to OCSD would allow the district to provide sewer service to the subject territory. Retail sewer service will be provided by the City of Huntington Beach.

Out-of-Area Service Agreement (OASA)

In September 2005, Signal Landmark filed an application request with LAFCO for the annexation of the Brightwater Project to the City of Huntington Beach and the Orange County Sanitation District. In subsequent discussions, the landowner expressed the need for water and sewer service prior to annexation to the City in order to meet critical development timelines.

Pursuant to Government Code Section 56133, and through the approval by LAFCO, a city may provide new or extended services by contract or agreement outside its jurisdictional boundaries in anticipation of a later change of organization. In an effort to facilitate a more efficient approval process for consideration of these agreements, your Commission delegated the authority to approve out-of-area service agreements to the Executive Officer.

Since OCSD required that a retail sewer provider be identified prior to providing regional sewer service to the proposed area, LAFCO staff required that an OASA be entered into between the City and the landowner allowing the City to provide water and sewer service to the proposed development prior to annexation. LAFCO staff further asked that a timeline for annexation of the area to the City be established. On June 5, 2006, the City Council of Huntington Beach approved an agreement to provide retail sewer and water services to the proposed area. A copy of the executed OASA for the proposed annexation is included in this report as Attachment A.

Existing/Future Land Use

The proposed territory is currently designated by the County of Orange General Plan as Suburban Residential. Existing land uses that surround the proposed area include Suburban Residential and the greater Bolsa Chica Ecological Reserve, which is currently designated by the County of Orange General Plan as Suburban Residential and Open Space Reserve.

Prior to LAFCO consideration of annexation of the proposed area to the City of Huntington Beach, the City is required to adopt pre-zoning for the area indicating land use designation(s) and subsequent amendment of General Plan to include the subject territory.

Environmental Review

Pursuant to the California Environmental Quality Act, the County of Orange certified Final Environmental Impact Report 551 addressing proposed annexation of the project territory to the Orange County Sanitation District. As a responsible agency, your Commission is responsible for certifying that the information contained within the EIR prepared by the County of Orange has been reviewed and considered.

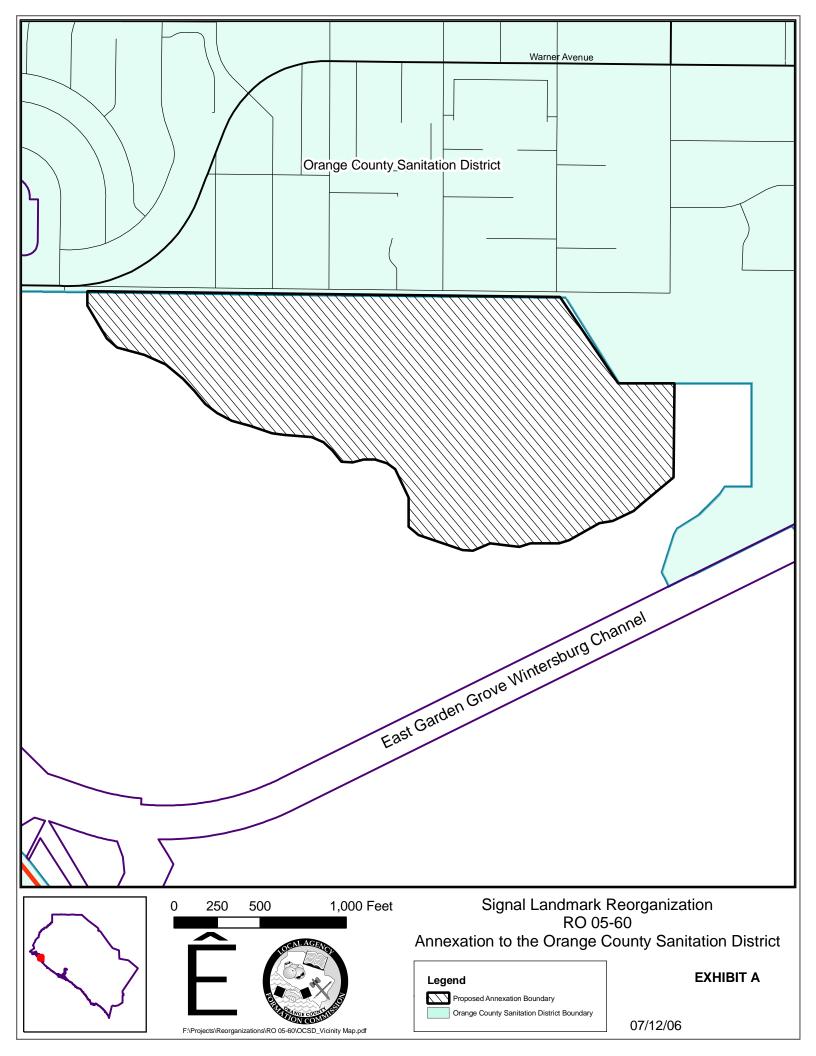
Property Tax Exchange Agreement

No property tax exchange will occur as a result of the district annexation pursuant to the Master Property Tax Agreement adopted by the Board of Supervisors for enterprise special district reorganization proposals.

Respectfully submitted,	
JOYCE CROSTHWAITE	CAROLYN EMERY
Exhibit A: Vicinity Map	

Attachments: A. Out-of-Area Service Agreement (OASA)

B. LAFCO Resolution



SIGNAL LANDMARK REORGANIZATION TO THE CITY OF HUNTINGTON BEACH (RO 05-60) AGREEMENT BETWEEN SIGNAL LANDMARK AND THE CITY OF HUNTINGTON BEACH

THIS AGREEMENT is made this _	5-14	day of _	JUNE	, 2006,
between Signal Landmark, a California corpo	oration, here	inafter ref	erred to as "O	wner," and the
City of Huntington Beach, a California muni	cipal corpora	ation, here	einafter referre	d to as "City."

WHEREAS, Owner is the owner of certain real property, hereinafter referred to as "the Subject Property," consisting of approximately 105.3 acres located within unincorporated Orange County, and further described in the legal description attached hereto as Exhibit "A" and incorporated by this reference as though fully set forth herein; and

Owner is developing a phased residential project, hereinafter referred to as "the Project," on the Subject Property pursuant to entitlement approvals received from the County of Orange, and requires the use of City's water and sewer systems and the right to connect to City's existing water and sewer mains which are contiguous to the Subject Property; and

Owner has agreed to the annexation of the Subject Property to the City of Huntington Beach on the terms and conditions set forth in the Pre-annexation Agreement between the Owner and the City of Huntington Beach dated January ______, 2006; and ________, 2005 qe

City is willing to consent to the connection of the Project to City's water and sewer system as set forth in the Preannexation Agreement between Owner and City dated January 2006; and on the condition that the Owner permit said annexation to the City at the earliest possible time; and

The Orange County Local Agency Formation Commission ("LAFCO") policy on out-of-area agreements provides that LAFCO shall approve this agreement for service outside of the City's jurisdictional boundaries only in anticipation of a change of organization (i.e., annexation to the city); and

NOW, THEREFORE, the parties agree as follows:

1. Owner hereby gives its irrevocable consent to annexation of the Subject Property to the City at such time as the annexation may be properly approved through appropriate legal proceedings, and Owner does further agree to provide all reasonable cooperation and assistance to the City in the annexation proceedings. Said cooperation is contemplated to include signing any applications or consent prepared by the City and submitting any evidence reasonably within the control of Owner to the various hearings required for the annexation. Said cooperation does not include, however, an obligation on behalf of Owner to institute any litigation or judicial proceedings whatsoever to compel the annexation to the City.

- 2. The City hereby agrees to authorize the connection of the Project to be developed on Owner's property to City's water and sewer systems. Said connection to the water and sewer system shall be permitted by City at such time as Owner's development has progressed to the point that water and sewer connections to the mains would normally occur whether or not annexation has yet occurred.
- 3. Upon approval of the extension of services outside of the City boundaries by LAFCO, City agrees to provide water and sewer services to the Project prior to annexation to the City on the following terms and conditions:
- a. Payment by Owner to City of Water Connection Fees in the amount of Four Thousand Eight Hundred Dollars (\$4,800.00) per unit, payable at the time of the issuance of building permits for each unit.
- b. Payment by Owner to City of Sewer Connection Fees in the amount of One Thousand Seven Hundred Forty-nine Dollars (\$1,749.00) per unit, payable at the time of issuance of building permit for each unit.
- c. Payment by Owner to City of standard water and sewer service fees at the same rates as charged to City customers.
- d. Owner shall bear the cost of constructing all infrastructure required to provide water and sewer service to the Project.
- c. Owner shall pay all costs of annexation of the Subject Property to the Orange County Sanitation District.
 - f. Owner shall pay any and all fees that may be charged by LAFCO.
- g. Owner agrees to be bound by all City ordinances, rules and regulations regarding the water and sewer systems.
 - 4. This Agreement shall be recorded.
- 5. The Owner shall develop the Project in accordance with the approved entitlements, and shall construct the Project pursuant to all applicable County Codes, including, but not limited to Zoning, Engineering and Building and Safety Codes.
- 6. As part of this Agreement, Owner and City agree to defend, indemnify, hold harmless, and release LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this agreement and adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorney fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this

Agreement, whether or not there is concurrent passive or active negligence on the part of LAFCO, its agents, officers, attorneys, or employees.

- 7. This Agreement shall be effective on the date it is executed by both parties and approved by LAFCO, and shall remain in effect until the later of (a) the recordation of the final phase of the annexation, or (b) September 1, 2011. If the final phase of annexation is not recorded by September 1, 2011, LAFCO may record annexation of any remaining unrecorded phases to the City, to be effective upon recordation.
- 8. Owner has executed this Agreement on behalf of itself, its successors and assigns, and the Agreement shall be irrevocable without the prior written consent of both parties hereto.

IN WITNESS WHEREOF, the part by and through their authorized officers of	rties hereto have caused this Agreement to be executed in June 5, 2006.
OWNER: Signal Landmark A California corporation	CITY: City of Huntington Beach A California municipal corporation
By: President and Chief Executive Officer By: Its:	Mayor CityClerk 11000 APPROVED AS TO FORM: City Attorney STIGIO REVIEWED AND APPROVED: Lineline Culline City Administrator INITIATED AND APPROVED:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California County of <i>Orange</i>	} } ss.
On <u>June 8, 2006</u> , before me,	P. L. Esparza, Notary Public Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Da	
personally appeared	Name(s) of Signar(s)
	✓ personally known to me
P. L. ESPARZA Commission # 1599179	to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/sho/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), of the entity upon behalf of which the person(s)
Notary Public - California & Orange County	acted, executed the instrument.
My Comm. Expires Aug 4, 2009	_
	WITNESS my hand and official seal.
Place Notary Seal Above	Signature of protany Public
	PTIONAL — *
Though the information below is not required by and could prevent fraudulent removal	law, it may prove valuable to persons relying on the document and reattachment of this form to another document.
Description of Attached Document	Pagersonization to the City of Limitington Pagel (DO
05-60) Agreement	Reorganization to the City of Huntington Beach (RO Between Signal Landmark and the City of Huntington
Document Date: June 5, 2006	Beandimber of Pages:
	Joan L. Flynn, City Clerk
Capacity(ies) Claimed by Signer Signer's Name:	ullivan
☐ Individual	OF SIGNER
	Mayor Top of thumb here
☐ Partner — ☐ Limited ☐ General	
☐ Attorney in Fact	
□ frustee	
☐ Guardian or Conservator ☐ Other:	

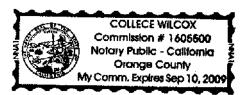
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California	ss.
County of Orange	∫ ""
On June 13, 2006, before me,	P. L. Esparza, Notary Public Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared	Joan Flynn, City Clerk Name(s) of Signer(s)
	□ personally known to me ☒ proved to me on the basis of satisfactory evidence
P. L. ESPARZA Commission # 1599179 Notary Public - California Orange County My Comm. Expires Aug 4, 2009	to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), of the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.
Place Notary Seal Above	Signature of Notary Public
	OPTIONAL -
Though the information below is not required by and could prevent fraudulent remova	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document.
Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document:	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beau
Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document:	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beau
Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document: Document Date: June 5, 2006	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beau
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Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document: Document Date: June 5, 2006 Signer(e) Other Than Named Above: Capacity(iee) Claimed by Signer Signer's Name: Joan Flyns Individual	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beach Number of Pages:
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Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document: Document Date: June 5, 2006 Signer(e) Other Than Named Above: Capacity(iee) Claimed by Signer Signer's Name: Joan Flynt Individual Corporate Officer — Title(s): Partner — Limited General	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beach Number of Pages: Dave Sullivan, Mayor n, City Clerk RIGHT THUMBERIN OF SIGNER
Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document: Document Date: June 5, 2006 Signer(e) Other Than Named Above: Capacity(iee) Claimed by Signer Signer's Name: Joan Flynt Individual Corporate Officer — Title(s): Partner — Limited General Attorney in Fact	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beach Number of Pages: Dave Sullivan, Mayor n, City Clerk RIGHT THUMBERIN OF SIGNER
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Though the information below is not required by and could prevent fraudulent remova Description of Attached Document Agreement E Title or Type of Document: Document Date: June 5, 2006 Signer(e) Other Than Named Above: Capacity(iee) Claimed by Signer Signer's Name: Joan Flynt Individual Corporate Officer — Title(s): Partner — Limited General Attorney in Fact	y law, it may prove valuable to persons relying on the document of and reattachment of this form to another document. Between Signal Landmark and City of Huntington Beach Number of Pages: Dave Sullivan, Mayor n, City Clerk RIGHT THUMBPRIN OF SIGNER Top of thumb here

STATE OF CALIFORNIA)	
)	SS.
COUNTY OF ORANGE)	

On May 18, 2006, before me, the undersigned, a Notary Public for the State of California, personally appeared, Raymond J. Pacini, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.



Notary Public (Allere (

My Commission Expires: September 10, 2009

DESCRIPTION OF ATTACHED DOCUMENT:

Signal Landmark Reorganization To the City of Huntington Beacy (RO 05-60) Agreement between Signal Landmark and the City of Huntington Beach Annexation

BRIGHTWATER LEGAL AND EXHIBIT

THAT PORTION OF PARCEL 2 OF CERTIFICATE OF COMPLIANCE NO. CC 92-01, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, PER DOCUMENT RECORDED SEPTEMBER 2, 1992 AS INSTRUMENT NO. 92-589755 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WESTERLY CORNER OF LOT B OF TRACT NO. 15734, AS PER MAP FILED IN BOOK 797, PAGES 41 THROUGH 43, INCLUSIVE, OF MISCELLANEOUS MAPS IN SAID OFFICE OF THE COUNTY RECORDER;

THENCE, ALONG THE SOUTHWESTERLY LINE OF SAID TRACT NO. 15734, SOUTH 34°02'08" EAST, 604.67 FEET;

THENCE, ALONG THE SOUTHERLY LINE OF SAID TRACT NO. 15734, NORTH 89°58'30" EAST, 323.00 FEET TO THE NORTHWESTERLY CORNER OF THE LAND DESCRIBED IN A QUITCLAIM DEED RECORDED NOVEMBER 3, 1959 IN BOOK 4960, PAGE 87 OF OFFICIAL RECORDS, IN SAID OFFICE OF THE COUNTY RECORDER;

THENCE, ALONG THE WESTERLY LINE OF SAID LAND DESCRIBED IN THE QUITCLAIM DEED, SOUTH 00°10'29" WEST, 555.39 FEET TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "SOUTH 55°55'23" WEST, 109.74 FEET" IN THE NORTHERLY BOUNDARY OF AN "IRREVOCABLE OFFER OF DEDICATION IN FEE FOR OPEN SPACE, HABITAT ENHANCEMENT AND PUBLIC ACCESS PURPOSES" RECORDED DECEMBER 05, 2005 AS INSTRUMENT NO. 2005000970073, OFFICIAL RECORDS IN SAID OFFICE OF THE COUNTY RECORDER;

THENCE, ALONG SAID NORTHERLY BOUNDARY OF SAID OFFER OF DEDICATION, THE FOLLOWING COURSES;

SOUTH 55°55'23" WEST, 109.74 FEET; SOUTH 55°49'21" WEST, 127.09 FEET; SOUTH 44°24'16" WEST, 82.15 FEET; SOUTH 73°47'18" WEST, 29.41 FEET; SOUTH 61°37'27" WEST, 60.35 FEET; SOUTH 62°25'42" WEST, 53.70 FEET; SOUTH 62°41'17" WEST, 50.15 FEET; SOUTH 72°35'28" WEST, 100.45 FEET; SOUTH 55°44'37" WEST, 114.79 FEET; SOUTH 49°22'16" WEST, 39.37 FEET; SOUTH 70°15'15" WEST, 41.57 FEET; SOUTH 88°31'08" WEST, 17.51 FEET; NORTH 89°31'28" WEST, 66.14 FEET; SOUTH 88°05'41" WEST, 55.11 FEET; SOUTH 83°39'51" WEST, 31.84 FEET; SOUTH 67°55'12" WEST, 18.88 FEET; SOUTH 68°56'57" WEST, 52.58 FEET;

```
NORTH 86°59'00" WEST,
                        50.59 FEET;
NORTH 75°24'12" WEST,
                        53.32 FEET;
NORTH 82°53'05" WEST.
                        51.28 FEET;
SOUTH 71°21'20" WEST,
                        52.46 FEET;
SOUTH 71°21'20" WEST,
                        69.49 FEET;
NORTH 79°52'55" WEST,
                        58.33 FEET;
NORTH 61°27'07" WEST,
                        46.07 FEET;
NORTH 69°40'17" WEST,
                        81.44 FEET;
NORTH 70°13'12" WEST,
                        82.15 FEET;
NORTH 65°40'24" WEST,
                        65.61 FEET;
NORTH 42°28'44" WEST,
                        56.43 FEET;
NORTH 00°59'06" WEST,
                        56.77 FEET;
NORTH 06°51'35" WEST,
                        63.77 FEET;
NORTH 26°39'54" WEST, 223.33 FEET;
NORTH 28°36'51" WEST.
                        11.33 FEET;
NORTH 30°07'51" WEST,
                        30.77 FEET;
NORTH 52°20'02" WEST,
                        54.33 FEET;
NORTH 67°42'57" WEST.
                        54.44 FEET;
NORTH 89°59'40" WEST,
                        57.23 FEET;
SOUTH 80°24'06" WEST,
                        89.21 FEET;
SOUTH 89°29'48" WEST,
                        38.89 FEET;
NORTH 60°57'47" WEST,
                        42.04 FEET:
NORTH 41°24'03" WEST,
                        73.54 FEET;
NORTH 56°55'08" WEST,
                        60.01 FEET;
NORTH 65°45'31" WEST,
                        52.06 FEET;
NORTH 81°57'37" WEST.
                        52.88 FEET:
NORTH 89°07'36" WEST,
                        62.01 FEET;
NORTH 86°21'40" WEST,
                       69.25 FEET;
NORTH 86°43'43" WEST,
                        56.26 FEET;
NORTH 78°10'38" WEST,
                        40.65 FEET;
NORTH 54°51'52" WEST,
                        68.81 FEET;
NORTH 46°45'26" WEST,
                        75.55 FEET;
NORTH 35°52'55" WEST,
                        62.38 FEET;
NORTH 46°17'27" WEST,
                        83.58 FEET;
NORTH 51°46'41" WEST.
                        64.01 FEET;
NORTH 55°55'52" WEST.
                        64.00 FEET;
NORTH 61°16'51" WEST,
                        60.49 FEET;
NORTH 63°11'08" WEST,
                        68.02 FEET;
NORTH 60°09'04" WEST,
                        64.11 FEET;
NORTH 59°29'13" WEST,
                       33.61 FEET;
NORTH 44°03'25" WEST,
                        45.80 FEET;
NORTH 43°39'48" WEST,
                        64.06 FEET:
NORTH 35°50'56" WEST,
                        39.41 FEET;
NORTH 34°55'24" WEST, 326.74 FEET;
NORTH 00°00'00" EAST,
                       75.93 FEET TO THE NORTHERLY LINE OF
PARCEL 2 OF SAID CERTIFICATE OF COMPLIANCE CC 92-01;
```

THENCE, ALONG SAID NORTHERLY LINE, SOUTH 89°12'47" EAST, 546.98 FEET;

THENCE, CONTINUING ALONG SAID LINE, SOUTH 89°21'32" EAST, 2001.00 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF SAID PARCEL 2 OF CERTIFICATE OF COMPLIANCE NO. CC 92-01, AS DESCRIBED IN SAID "IRREVOCABLE OFFER OF DEDICATION IN FEE FOR OPEN SPACE, HABITAT ENHANCEMENT AND PUBLIC ACCESS PURPOSES" RECORDED DECEMBER 05, 2005 AS INSTRUMENT NO. 2005000970073, OFFICIAL RECORDS IN SAID OFFICE OF THE COUNTY RECORDER.

CONTAINING AN AREA OF 105.247 ACRES, MORE OR LESS.

ALSO AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

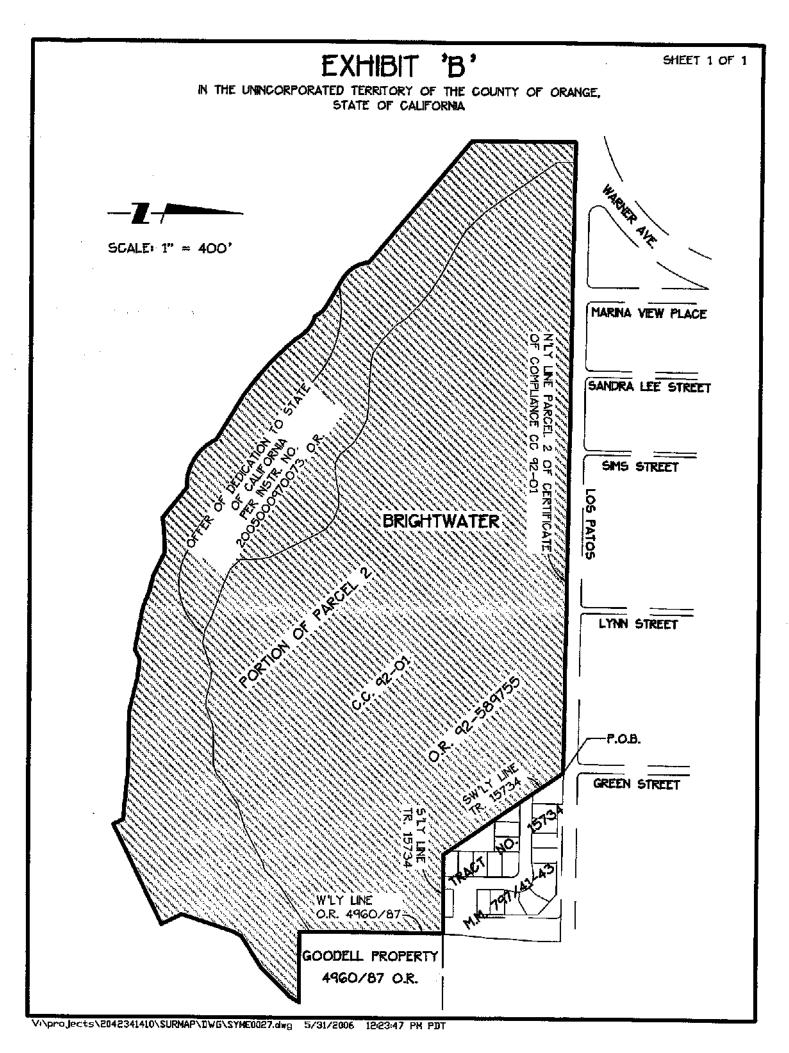
SUBJECT TO COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS-OF-WAY OF RECORD, IF ANY.

EXR 12/31/07 3 30 NO. 7408

PREPARED BY: STANTEC CONSULTING INC UNDER THE DIRECTION OF:

LORYNE A. SCHAMBER, P.L.S. 7408

JUNE 01, 2006 J.N. 2042 341410



RO 05-60

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING THE SIGNAL LANDMARK REORGANIZATION TO THE ORANGE COUNTY SANITATION DISTRICT

July 12, 2006

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, the proposed annexation to the Orange County Sanitation District, designated as "Signal Landmark Reorganization to the Orange County Sanitation District" (RO 05-60), was heretofore filed with and accepted for filing on July 5, 2006 by the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 et seq. of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658 set July 12, 2006 as the hearing date of this proposal; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665 has reviewed this proposal and prepared a report including her recommendation thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission on July 12, 2006 considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56668; and

WHEREAS, this Commission called for and held a public hearing on the proposal on July 12, 2006, and at the hearing, this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present

Resolution RO 05-60 Page 1 of 3

Attachment B

were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, information satisfactory to this Commission has been presented that all the owners of land within the proposed territory have given their written consent to the annexation; and

WHEREAS, pursuant to the California Environmental Quality Act, the project is categorically exempt pursuant to Section 15319 of the State CEQA Guidelines.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

- Section 1. The proposal is approved subject to the following terms and conditions:
 - 1) Payment by the applicant of Recorder and State Board of Equalization fees.
 - 2) The applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers, and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void, or annul the approval of LAFCO concerning this proposal or any action relating to, or arising out, of such approval.
 - 3) The effective date shall be the date of recordation.
- Section 2. The annexing area is found to be uninhabited, is within unincorporated Orange County, and is assigned the following distinctive short-form designation: "Signal Landmark Reorganization to the Orange County Sanitation District" (RO 05-60)
- Section 3. The Commission authorizes that protest proceedings be waived in accordance with Government Code Section 56663(c).
- Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:	
NOES:	

Resolution RO 05-60 Page 2 of 3

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

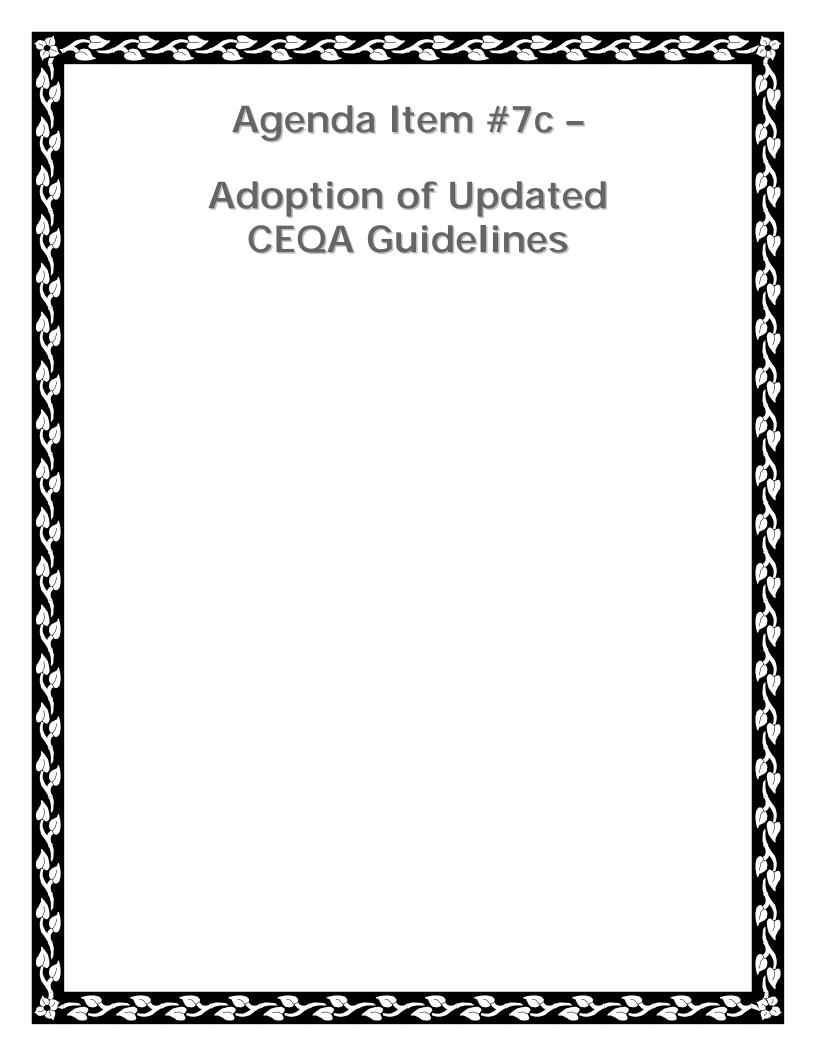
I, ROBERT BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 12th day of July, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of July, 2006.

ROBERT BOUER
Chair of the Orange County
Local Agency Formation Commission

By: Robert Bouer	

Resolution RO 05-60 Page 3 of 3







July 12, 2006

CHAIR
ROBERT BOUER
Councilmember

City of Laguna Woods

VICE CHAIR
BILL CAMPBELL

Supervisor Third District

PETER HERZOGCouncilmember

Councilmember City of Lake Forest

ARLENE SCHAFER

Costa Mesa Sanitary District

SUSAN WILSON Representative of

General Public

TOM WILSON Supervisor

Supervisor Fifth District

JOHN WITHERS

Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: 2006 Update to Local Guidelines for Implementing CEQA

On August 10 2005, the Commission adopted *Local Guidelines for Implementing the California Environmental Quality Act* in accordance with Section 21082 of the California Environmental Quality Act (CEQA). Each year the Guidelines are updated to reflect changes enacted by the Legislature. In 2005-2006 only two bills related to CEQA were signed by the Governor. One bill (AB 1170) provided a narrow exemption from CEQA for seismic retrofit work in San Francisco and the other (SB 648) made changes in how the public review is calculated. All other CEQA related bills failed to pass.

Due to its length, the updated 2006 CEQA Guidelines have not been attached to this staff report but they are available on the Orange County LAFCO website and can be sent to Commissioners as requested. A memorandum prepared by LAFCO counsel, Best Best & Krieger LLP, summarizing the relevant 2005 case law is also available and can be sent to Commissioners if requested.

RECOMMENDATION

Staff recommends that the Commission:

1. Adopt the attached resolution adopting "Local Guidelines for Implementing the California Environmental Quality Act (2006)."

Respectfully submitted,

Joyce Crosthwaite

Attachments:

1. Resolution

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA

AMENDING AND ADOPTING LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUB. RESOURCES CODE §§ 21000 ET SEQ.)

July 12, 2006

On motion of Commissioner _	, duly	seconded	and	carried,	the	following
				(91919)		
resolution was adopted:		Wille.		1	diago.	*

WHEREAS, the California Legislature has amended the California Environmental Quality Act ("CEQA") (Pub. Resources Code §§ 21000 et seq.) and the State CEQA Guidelines (Cal. Code of Regs, tit. 14, §§ 15000 et seq.) and the California courts have interpreted specific provisions of CEQA;

WHEREAS, Section 21082 of CEQA requires all public agencies to adopt objectives, criteria and procedures for the evaluation of public and private projects undertaken or approved by such public agencies, and the preparation, if required, of environmental impact reports and negative declarations in connection with that evaluation; and

WHEREAS, the Orange County Local Agency Formation Commission ("Commission") must revise its local guidelines for implementing CEQA to make them consistent with the current provisions and interpretations of CEQA;

NOW, THEREFORE, the Orange County Local Agency Formation Commission ("Commission") does hereby resolve as follows:

Section 1. The Commission hereby adopts "Local Guidelines for Implementing the California Environmental Quality Act (2006 Revision)," a copy of which is on file at the offices of the Commission and is available for inspection by the public.

Resolution ____ Page 1 of 2

Section 2.	All prior actions of	the Commission enacting earlier guidelines are hereby
	repealed.	
AYES:		
NOES:		
		Δ.
STATE OF CALIFOR	RNIA)	
) SS.	
COUNTY OF ORAN	IGE)	
I DODEDT D	OUED Chair of the l	Local Agency Formation Commission of Orange
		above and foregoing resolution was duly and regularly
		neeting thereof, held on the 12 th day of July, 2006.
adopted by said Conn	mission at a regular ii	lecting thereof, held on the 12 day of July, 2000.
IN WITNESS	WHEREOF, I have I	nereunto set my hand this 12 th day of July, 2006.
		ROBERT BOUER Chair of the Orange County
		Local Agency Formation Commission
**		
		Robert Bouer



Sphere of Influence Review for the City of Los Alamitos (SOI 05-31)

Sphere of Influence Review for the City of Seal Beach (SOI 05-32)

Sphere of Influence Review for the Rossmoor CSD (SOI 05-33)





July 12, 2006

CHAIR ROBERT BOUER

Councilmember City of Laguna Woods

VICE CHAIR
BILL CAMPBELL

Supervisor Third District

PETER HERZOG

Councilmember City of Lake Forest

ARLENE SCHAFER

Orector
Costa Mesa
Sanitary District

SUSAN WILSON

Representative of General Public

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: Sphere of Influence Updates for:

Rossmoor Community Services District (SOI 05-33)

City of Seal Beach (SOI 05-32) City of Los Alamitos (SOI 05-31)

BACKGROUND

The subject sphere of influence updates were originally scheduled for Commission consideration on September 14, 2005, but were continued for a period of six months pending completion of the Huntington Beach Municipal Service Review (MSR). At the March 8, 2005 hearing, the sphere updates were again continued to allow for the Rossmoor Planning Committee to complete a study of governance options for the unincorporated Rossmoor community.

ANALYSIS

Staff's analysis and recommendations regarding all three agency spheres remain unchanged from the previous hearing. Attached to this report are copies of the March 8, 2005 staff reports which provide a detailed analysis of each of the subject agencies (Attachments 1, 2 and 3). Our findings and recommendations are summarized below:

Rossmoor Community Services District Sphere of Influence

The Rossmoor Community Services District (CSD) provides street lighting and sweeping, parks and recreation services, median landscaping and park tree maintenance to the 985-acre unincorporated community of Rossmoor. The community is largely built-out (current population is 11,642) and only limited growth is anticipated. The Rossmoor CSD sphere of influence was reviewed by LAFCO once previously in July 1989. At that time the Commission designated a sphere of influence coterminous with the District's existing boundaries. Staff's recommendation is the reaffirm the District's existing sphere of influence.

Page 2 of 4

City of Seal Beach Sphere of Influence

The City of Seal Beach, incorporated in 1915, has a current population of 27,210 residents. The City is bordered to the north by the unincorporated community of Rossmoor and to the south by the unincorporated community of Sunset Beach. Largely built-out, the Center for Demographic Research at California State University, Fullerton, projects an increase of 2,043 residents within Seal Beach by year 2020.

The City's sphere of influence was originally adopted in 1974. In July 1976, LAFCO approved an updated sphere of influence to reflect an 818-acre annexation which was approved earlier that year. Subsequent sphere of influence reviews in 1983 and 1989 reaffirmed a coterminous sphere for the City of Seal Beach.

The Rossmoor Planning Committee included annexation to the City of Seal Beach as one of four potential governance options evaluated in their June 8, 2006 Rossmoor Governance Options report (see Attachment 4). An independent peer review of the Rossmoor report concluded that annexation of Rossmoor to either the City of Seal Beach or the City of Los Alamitos is financially feasible (see Attachment 5). The City of Seal Beach has voiced strong opposition to including Rossmoor within their City's sphere. Staff recommends that Rossmoor not be included in the City of Seal Beach sphere and that the City's current sphere of influence be reaffirmed.

City of Los Alamitos

The City of Los Alamitos is bordered to the south by the City of Seal Beach, to the north by the City of Cypress, and to the east by the Cities of Garden Grove and Cypress. The City of Los Alamitos surrounds the unincorporated community of Rossmoor on three sides. Incorporated in 1960, the City is largely built-out and has a population of approximately 12,340 residents. The City is expected to grow to 13,490 by the year 2020.

The City of Los Alamitos sphere of influence was initially adopted in 1974 as coterminous with existing City boundaries. In subsequent sphere reviews in 1981 and 1989, LAFCO again reaffirmed the City's sphere of influence as coterminous with the City's existing jurisdictional boundaries. The City virtually surrounds the unincorporated community of Rossmoor on the north, east and west with primary access to Rossmoor through the City of Los Alamitos from either Seal Beach Boulevard/Los Alamitos Boulevard or Katella Avenue. Both the City of Los Alamitos and Rossmoor share water and sewer providers and are located in the same school district. Staff recommends that the City of Los

RE: SOI Updates – Rossmoor CSD, City of Seal Beach, City of Los Alamitos Page 3 of 4

Alamitos sphere of influence be amended to include the unincorporated Rossmoor community.

CEQA

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews. Staff completed initial studies for each project, and it was determined that adoption of the sphere of influence for the Rossmoor Community Services District, the City of Seal Beach and the City of Los Alamitos would not have a significant effect upon the environment as determined by CEQA. Accordingly, Draft Negative Declarations were prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declarations have been received.

COMMENT LETTER

The City of Seal Beach submitted a June 26, 2006 comment letter (Attachment 6) expressing support for a sphere of influence coterminous with the existing City of Seal Beach jurisdictional boundary.

STAFF RECOMMENDATIONS

Staff recommends that the Commission take the following actions. (Adopting resolutions from previous staff reports will be updated with the current date should the Commission take action at today's meeting.)

Rossmoor Community Services District (Attachment 1)

- 1. Adopt the Negative Declaration prepared for the proposed sphere of influence update.
- 2. Adopt the Statement of Determinations as required by Government Code Section 56425.
- 3. Adopt the resolution reaffirming the existing Rossmoor Community Services District sphere of influence.

City of Seal Beach (Attachment 2)

- 1. Adopt the Negative Declaration prepared for the proposed sphere of influence update.
- 2. Adopt the Statement of Determinations as required by Government Code Section 56425.
- 3. Adopt the resolution reaffirming the existing Rossmoor Community Services District sphere of influence.

City of Los Alamitos (Attachment 3)

1. Adopt the Negative Declaration prepared for the proposed sphere of influence update.

July 12, 2006

RE: SOI Updates – Rossmoor CSD, City of Seal Beach, City of Los Alamitos Page 4 of 4

- 2. Adopt the Statement of Determinations as required by Government Code Section 56425.
- 3. Adopt the resolution amending the City of Los Alamitos sphere of influence to include the unincorporated community of Rossmoor within the City's sphere.
- 4. Direct LAFCO staff to coordinate efforts with Orange County, Los Angeles County, Los Angeles County LAFCO and the City of Long Beach to resolve the Stansbury Park boundary issue.

Respectfully submitted,	
JOYCE CROSTHWAITE	BOB ALDRICH

Attachments:

- 1. Rossmoor Community Services District SOI Staff Report March 8, 2006
- 2. City of Seal Beach SOI Staff Report March 8, 2006
- 3. City of Los Alamitos SOI Staff Report March 8, 2006
- 4. Rossmoor Planning Committee Governance Options Report
- 5. GST Consulting Peer Review Report
- 6. Comment Letter City of Seal Beach (June 26, 2006)

Attachment 1 -

Rossmoor CSD Sphere of Influence Staff Report from March 8, 2006





CHAIR
SUSAN WILSON
Representative of

General Public

VICE CHAIR ROBERT BOUER Councilmember City of Laguna Woods

BILL CAMPBELL Supervisor Third District

PETER HERZOGCouncilmember
City of Lake Forest

ARLENE SCHAFER Director

Costa Mesa Sanitary District

Tom WILSON Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE

PATSY MARSHALL

Councilmomber

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE
Representative of
General Public

ALTERNATE

JAMES W. SILVA
Supervisor
Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE Executive Officer March 8, 2006

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: Rossmoor Community Services District Sphere of

Influence Update (SOI 05-33)

INTRODUCTION

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused their energies on ways to empower the already existing LAFCOs originally established in 1963. The Commission's final report, *Growth within Bounds*, recommended various changes to local land use laws and LAFCO statutes. Many of these changes were incorporated into the Cortese-Knox-Hertzberg Reorganization Act of 2000 that provided LAFCO with new responsibilities.

One of the major new responsibilities of LAFCO is to conduct comprehensive, regional studies of municipal services (Municipal Service Reviews or MSRs) every five years in conjunction with reviews of city and district spheres of influence (Government Code Sections 56425 and 56530). Spheres of Influence (SOIs) are boundaries, determined by LAFCO, which define the ultimate service area for cities and special districts. An MSR was prepared for the Rossmoor Community Services District in March 2005. This report addresses the required SOI update for the District.

BACKGROUND

Rossmoor is an unincorporated County island comprising approximately 985 acres located between the Cities of Los Alamitos and Seal Beach in northwest Orange County (*see Exhibit A – Location Map*). One of the area's first "planned communities," Rossmoor is almost entirely residential. Almost all of the single-family detached homes were built during the 1950s.

RE: Rossmoor Community Services Districts SOI Page 2

The community consists almost exclusively of ranch style homes on tree-lined streets. A red brick "signature wall" surrounds the community, although the community is not gated. The current population in Rossmoor, according to the Center for Demographic Research at California State University, Fullerton, is approximately 10,560. The community is built-out and only limited growth is anticipated; population projections indicate a population of 11,467 residing within Rossmoor in year 2020.

Over the years, beginning in 1974, the fate of Rossmoor has been the focus of considerable debate before LAFCO. LAFCO files indicate that Rossmoor has been the subject of several annexation attempts by the City of Los Alamitos, and one attempt at incorporation as a separate city. Each annexation and incorporation attempt failed after an election. Rossmoor, along with Sunset Beach, remain two of the last unincorporated islands in Orange County that are not within a designated city sphere of influence.

Rossmoor County Service Area No. 21

Prior to 1985, Rossmoor received most of its services from the County of Orange (County Service Area No. 21), with the exception of water and sewer service. The Southern California Water Company (So Cal Water), a private water purveyor, provides water to the Rossmoor community, and the Rossmoor/Los Alamitos Area Sewer District provides sewer service. In February 1985, due to budget constraints, the Orange County Board of Supervisors adopted a policy that Special Augmentation Funds would no longer be allocated to County Service Areas.

The Rossmoor Homeowners Association requested that County Service Area No. 21 be reorganized as the Rossmoor Community Services District in order to provide and finance certain services. The Rossmoor Community Services District (CSD) was officially formed on November 24, 1986 as a result of Orange County District Reorganization No. 66, which included the dissolution of the Rossmoor County Service Area No. 21. The CSD provides street lighting and sweeping, parks and recreation, median landscaping and park tree maintenance, and maintenance of the community's perimeter wall.

Previous SOI Determinations for the Rossmoor Community Services District The Rossmoor Community Services District sphere of influence was reviewed in July 1989. At that time, the Commission designated a sphere of influence

coterminous with the District's existing boundaries (see Exhibit B – Existing Sphere of Influence Map).

ANALYSIS

In determining a sphere of influence for an agency, Government Code 56425 requires LAFCO to consider each of the following factors:

- The present and planned land uses in the area
- The present and probable need for public facilities and services in the area
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- The existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency

Each of these factors is evaluated below for your Commission's consideration.

Present and Planned Land Uses in the Area

The Rossmoor Community Services District serves the unincorporated community of Rossmoor exclusively. Rossmoor is fully developed, with 97 percent of the land devoted to residential use. The Center for Demographic Research at California State University, Fullerton, projects that the existing Rossmoor population of 10,560 will increase to 11,467 in year 2020. Some of this growth may be the result of the ongoing remodeling and expansion of many of the original 1950s era homes in Rossmoor to accommodate larger and/or extended families.

Present and Probable Need for Public Facilities and Services

The community of Rossmoor is built-out. The current population is 10,560 and is projected to be 11,467 by year 2020. With such limited growth, the extension of existing infrastructure and services currently provided by the CSD is expected to be minimal.

Present Capacity of Public Facilities and Adequacy of Public Services

In the March 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social and Economic Communities of Interest

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. The City of Los Alamitos borders Rossmoor

on the north, east and west. Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway. However, there are residential uses and three shopping centers, near the intersection of Rossmoor Center Drive and Seal Beach Boulevard, that are located within the City of Seal Beach and are immediately adjacent to the southeast portion the Rossmoor community. Annexation of this territory by the City of Seal Beach, which occurred in 1966, remains a sensitive issue for many Rossmoor residents.

Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services to Rossmoor residents reflect Rossmoor's independence.

Both the City of Los Alamitos and Rossmoor receive water and sewer service through the same agencies, Southern California Water Company and Rossmoor/Los Alamitos Area Sewer District, respectively.

CONCLUSIONS

Staff recommends reaffirmation of the existing coterminous sphere of influence for the Rossmoor CSD.

Other Options Not Precluded

As indicated in the March 2005 Municipal Service Review (MSR) for this area, many of the service providers in the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach area are under significant fiscal stress. Collectively, the area is served by a multiplicity of service providers, including among others, four police agencies, three water agencies, three sewer districts, two animal control agencies and four agencies providing park and recreation services.

In the months following the MSR, residents and agencies have started to explore a variety of long-term governance options for their communities. Reaffirming a coterminous sphere of influence for the Rossmoor Community Services District does not preclude implementation of any future alternative. Spheres can be changed and, in fact, are required by state law to be reviewed at least once every five years to evaluate whether new circumstances warrant a sphere change.

CEQA

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews. Staff completed an initial study, and it was determined that adoption of the sphere of influence for the Rossmoor Community Services District would not have a significant effect on the

March 8, 2006

RE: Rossmoor Community Services Districts SOI

Page 5

environment as determined by CEQA. Accordingly, a Draft Negative Declaration was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declaration have been received.

STAFF RECOMMENDATION

Staff recommends that the Commission take the following actions:

- 1. Adopt the Negative Declaration (*Attachment 1*) prepared for the proposed sphere of influence update.
- 2. Adopt the Statement of Determinations as required by Government Code Section 56425 (*Attachment* 2)
- 3. Adopt the resolution (*Attachment 3*) reaffirming the existing Rossmoor Community Services District sphere of influence as shown on *Exhibit B*.

Respectfully submitted,	
JOYCE CROSTHWAITE	BOB ALDRICH

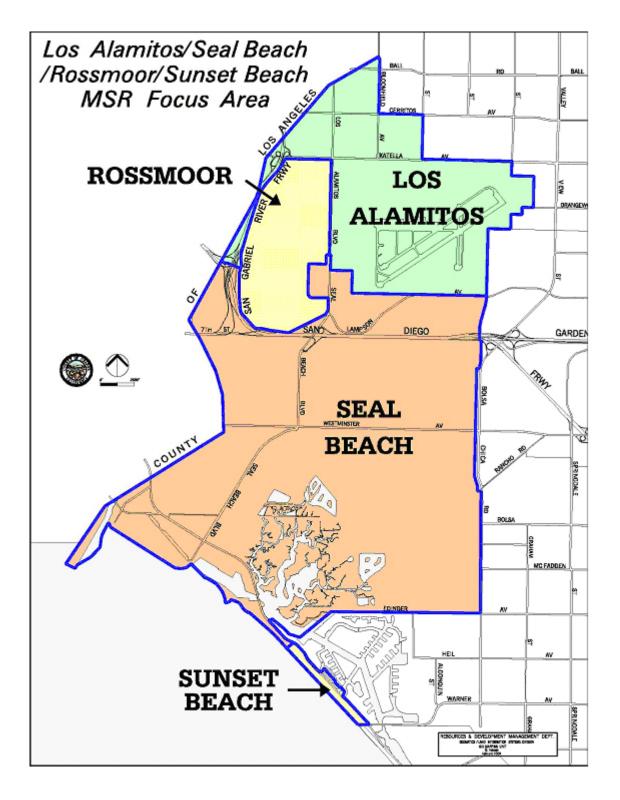
Exhibits:

- A. Location Map
- B. Rossmoor CSD Sphere of Influence Map

Attachments:

- 1. Draft Negative Declaration
- 2. Statement of Determinations
- 3. Adopting Resolution

Comment Letters









Rossmoor Community Services District Sphere of Influence Map

3/08/06

SOI Originally Adopted: 07/19/89 Last Reviewed: 07/19/89

ENVIRONMENTAL CHECKLIST FORM

1. Project Title: Rossmoor Community Services District Sphere of Influence

Update

2. Lead Agency Name and Address:

Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

3. Contact Person and Phone Number: Bob Aldrich, Assistant Executive Officer, (714) 834-2556

4. Project Location: The Rossmoor Community Services District serves the unincorporated community of Rossmoor. Rossmoor is located in northwest Orange County, and is bordered to the north, east and west by the City of Los Alamitos. The City of Long Beach is located to the west, and the City of Seal Beach to the south.

5. Project Sponsor's Name and Address:

Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

6. General Plan Designation: Suburban Residential

7. Zoning: Single and Multi-family Residential, Open Space

8. Description of Project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheet(s) if necessary.)

Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the proposed update of the Rossmoor Community Services District's sphere of influence. The proposed sphere of influence boundary for the Rossmoor Community Services District is coterminous with the existing district boundary. The negative declaration confirms the findings of the associated initial study that the proposed project (the Rossmoor Community Services District sphere of influence update) will not have a significant effect on the environment.

In accordance with Government Code Section 56425 and the LAFCO Sphere of Influence Policy, LAFCO is required to review an agency's sphere of influence every five years in conjunction with conducting municipal service reviews. LAFCO is required to establish a sphere of influence to identify probable future boundaries and service areas of all cities and special districts.

LAFCO is recommending that the Rossmoor Community Services District sphere of influence be reaffirmed as conterminous with the district's current boundary.

9. Surrounding Land Uses and Setting:

The Rossmoor Community Services District serves the built-out, residential community of Rossmoor. One of the area's first "planned communities," Rossmoor was almost entirely built during the 1950's. The majority of the homes are single family detached. The surrounding Cities of Seal Beach and Los Alamitos are also largely built-out. There are two federal defense facilities located nearby – the United States Naval Weapons Station located in Seal Beach and the Joint Forces Training Center in

the City of Los Alamitos. The Naval Weapons Station is 5,256 acres in size and is nearly twice the size of the remaining portion of Seal Beach. Rossmoor and its surrounding areas are largely urbanized and offer only limited growth potential, unless one or both of the federal defense facilities are closed in the future. Neither facility is currently listed for realignment or closure by the Federal Base Realignment and Closure Commission (BRAC).

10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement):

None

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

~	Aesthetics	~	Agriculture Resources	~	Air Quality
~	Biological Resources	~	Cultural Resources	~	Geology / Soils
~	Hazards & Hazardous Materials	~	Hydrology / Water Quality	~	Land Use / Planning
~	Mineral Resources	~	Noise	~	Population / Housing
~	Public Services	~	Recreation	~	Transportation / Traffic
~	Utilities / Service Systems	~	Mandatory Findings of Significance		

DETERMINATION (To be completed by the Lead Agency):

On the basis of this initial evaluation:

- ✓ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ~ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant

to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

	February 6, 2005
Signature	Date
Joyce Crosthwaite, Executive Officer	Orange County LAFCO
Printed Name	For

EVALUATION OF ENVIRONMENTAL IMPACTS:

The following is the environmental checklist form presented in Appendix G of the CEQA Guidelines. The checklist form is used to describe the potential environmental impacts of the proposed project with respect to 17 factors prescribed for consideration. For this checklist, the following four designations are used:

- Potentially Significant Impact: An impact that could be significant, and for which no mitigation has been identified. If any potentially significant impacts are identified, an EIR must be prepared.
- Potentially Significant Unless Mitigation Incorporated: An impact that requires mitigation to reduce the impact to a less-than-significant level.
- Less-Than-Significant Impact: Any impact that would not be considered significant under CEQA relative to existing standards.
- No Impact: The project would not have any impact.

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
I. AESTHETICS. Would the project:				
a) Have a substantial adverse effect on a scenic vista?	~	~	~	✓
b) Substantially damage scenic resources, including, but not limited to, tress, rock outcroppings, and historic buildings within a state scenic highway?	~	~	~	✓
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	~	~	~	✓
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	~	~	~	✓

Discussion: The project will not result in any significant direct or cumulative impacts on the aesthetics of the project area. This includes not adversely affecting scenic vistas, damaging scenic resources, degrading visual character, or creating new sources of light.

II. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	~	~	~	✓
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	~	~	~	✓
c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	~	~	~	✓
Discussion: The proposed project will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.				
III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	~	~	~	✓
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	~	~	~	✓
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	~	~	~	✓
d) Expose sensitive receptors to substantial pollutant concentrations?	~	~	~	✓

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Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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d) Create objectionable odors affecting a substantial number of people?

Discussion: The project will not result in any significant direct or cumulative impacts on the air quality within the project area. This includes not violating air quality standards or creating objectionable odors.

IV. BIOLOGICAL RESOURCES. Would the project:

- a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?
- d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?
- e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
e) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	~	~	~	✓
Discussion: The proposed project will not cause any specific new developments to be built. The project will not result in any significant direct or cumulative impacts on the biological resources of the project area and this includes adversely affecting endangered, threatened, or rare species and their habitat.				
V. CULTURAL RESOURCES. Would the project:				
 a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5? 	~	~	~	✓
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?	~	~	~	✓
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	~	~	~	✓
d) Disturb any human remains, including those interred outside of formal cemeteries?	~	~	~	✓
Discussion: The project will not result in any significant direct or cumulative impacts on the cultural resources of the project area.				
VI. GEOLOGY AND SOILS Would the project:				
 a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving: 	~	~	~	✓

		ATTACHMENT 1			
Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	~	~	~	√	
ii) Strong seismic ground shaking?	~	~	~	✓	
iii) Seismic-related ground failure, including liquefaction?	~	~	~	✓	
iv) Landslides?	~	~	~	✓	
b) Result in substantial soil erosion or the loss of topsoil?	~	~	~	✓	
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	~	~	~	✓	
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	~	~	~	✓	
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?	~	~	~	✓	
Discussion: The sphere of influence update will not result in any significant direct or cumulative					

D not result in any significant direct or cumulative impacts on the geology or soils of the project area including contributing to soil erosion or exposing individuals or structures to loss, such as injury or death, resulting from earthquakes or landslides

VII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or

ATTACHMENT 1 Less Than **Issues:** Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school? d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment? e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? Discussion: Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area. VIII. HYDROLOGY AND WATER QUALITY. Would the project:

discharge requirements?

a) Violate any water quality standards or waste

Less Than Significant

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	Potentially Significant Impact	With Mitigation Incorporated	Less Than Significant Impact	No Impact
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	~	~	~	✓
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation onor off-site?	~	~	~	✓
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?	~	~	~	✓
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?	~	~	~	✓
f) Otherwise substantially degrade water quality?	~	~	~	✓
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	~	~	~	✓
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	~	~	~	✓
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	~	~	~	✓

Issues:		Less Than Significant		
	Potentially Significant Impact	With Mitigation Incorporated	Less Than Significant Impact	No Impact
j) Inundation by seiche, tsunami, or mudflow?	~	~	~	√
Discussion: Adoption of an updated sphere of influence for the Rossmoor Community Services District will not result in a depletion of groundwater supplies, alteration of existing drainage patterns, creation of runoff water, exposure of people to a				

IX. LAND USE AND PLANNING. Would the project:

deficit in aquifer volume.

significant risk of flooding nor will it result in a net

- a) Physically divide an established community? \sim \sim
- b) Conflict with any applicable land use plan, policy,
 or regulation of an agency with jurisdiction over the
 project (including, but not limited to the general
 plan, specific plan, local coastal program, or zoning
 ordinance) adopted for the purpose of avoiding or
 mitigating an environmental effect?
- c) Conflict with any applicable habitat conservation \sim \sim \sim \sim \sim plan or natural community conservation plan?

Discussion: Land use planning for the unincorporated community of Rossmoor is the responsibility of the County of Orange. Reaffirming the Rossmoor Community Services District's sphere of influence will not result in any significant direct or cumulative impacts with respect to land use planning within the project area.

X.MINERAL RESOURCES. Would the project:

a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?

Issues:		Less Than Significant		
	Potentially	With	Less Than	
	Significant	Mitigation	Significant	No Impact
	Impact	Incorporated	Impact	

b) Result in the loss of availability of a locallyimportant mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

Discussion:. The project will not result in any significant direct or cumulative impacts on the mineral resources of the project area. This includes not incurring the loss of known valuable mineral resources.

XI. NOISE. Would the project result in:

- a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?
- b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?
- c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?
- d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

~	~	~	\checkmark

~	~	~	✓

,	~	~	~	✓

~	~	~	\checkmark

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
~	~	~	√

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

Issues:

Discussion: The project will not result in any significant direct or cumulative impacts on noise levels within the project area. This includes not exposing individuals to excess ground borne vibrations or substantially increasing ambient noises, whether temporary, periodical, or permanent.

XII. POPULATION AND HOUSING. Would the project:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?
- b) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

Discussion: The community of Rossmoor is built-out. Adoption of an updated sphere of influence, which is conterminous with the District's existing boundary, will not result in direct and substantial population growth.

XIII. PUBLIC SERVICES. Would the project:

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire protection? \sim \sim

			ATTACHMEN	VT 1
Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
Police protection?	~	~	~	✓
Schools?	~	~	~	✓
Parks?	~	~	~	\checkmark
Other public facilities?	~	~	~	✓
Discussion: The Rossmoor Community Services District provides street sweeping, median landscaping, street sweeping, parkway tree maintenance and perimeter wall maintenance for the Rossmoor community residents. The proposed sphere of influence update, which reconfirms the District's exiting sphere, will have no impact on the ability of the Rossmoor Community Services District to serve existing customers. XIV. RECREATION. Would the project: a) Increase the use of existing neighborhood and regional parks or other recreational facilities such	~	~	~	√
that substantial physical deterioration of the facility would occur or be accelerated?				
 b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which have an adverse physical effect on the environment? Discussion: The project will not result in any 	~	~	~	✓
significant direct or cumulative impacts on recreational services within the project area including increasing the use of existing neighborhood and regional parks.				
XV. TRANSPORTATION / TRAFFIC. Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	~	~	~	✓

ATTACHMENT 1 Less Than **Issues:** Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways? c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? e) Result in inadequate emergency access? f) Result in inadequate parking capacity? g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)? Discussion: The project will not result in any significant direct or cumulative impacts relating to transportation or circulation within the project area. This includes not causing an increase in street or air traffic patterns, creating inadequate emergency access or parking capacity, or conflicting with adopted transportation policies. XVI. UTILITIES AND SERVICE SYSTEMS. Would the project: a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? c) Require or result in the construction of new storm water drainage facilities or expansion of

existing facilities, the construction of which could cause significant environmental effects?

Issues:

		~/	√
Potentially Significant Impact	Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
	Less Inan		

- d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?
- e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?
- f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?
- g) Comply with federal, state, and local statutes and regulations related to solid waste?

Discussion: The project will not result in any significant, direct or cumulative impacts on the provision of water or sewer service within the project area.

XVII. MANDATORY FINDINGS OF SIGNIFICANCE

- a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat or a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?
- b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current project, and the effects of probable future projects.)

Issues:

Less Than
Significant
Potentially With Less Than
Significant Mitigation Significant No Impact
Impact Incorporated Impact

c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

Discussion: The project would not result in any significant direct or cumulative impacts relating to mandatory findings of significance within the project area. This includes not degrading the quality of the environment or causing substantial adverse effects on individuals, whether directly or indirectly.

Statement of Determinations Rossmoor Community Services District Sphere of Influence

Present and Planned Land uses for the Area

The Rossmoor Community Services District serves the unincorporated community of Rossmoor exclusively. Rossmoor is fully developed, with 97 percent of the land devoted to residential use. The Center for Demographic Research at California State University, Fullerton, projects that the existing Rossmoor population of 10,560 will increase to 11,467 in year 2020. Some of this growth may be the result of the remodeling/expansion of many of the original 1950s era homes in Rossmoor to accommodate larger and/or extended families.

Present and Probable Need for Public Facilities and Services

The community of Rossmoor is built-out. The current population is 10,560 and is projected to be 11,467 by year 2020. With such limited growth, the extension of infrastructure and services is expected to be minimal.

<u>Present Capacity of Public Facilities and Adequacy of Public Services</u> In the March 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social and Economic Communities of Interest

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. The City of Los Alamitos borders Rossmoor on the north, east and west. Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway. However, there are residential uses and three shopping centers, near the intersection of Rossmoor Center Drive and Seal Beach Boulevard, that are located within the City of Seal Beach and are immediately adjacent to the southeast portion the Rossmoor community. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services to Rossmoor residents reflect Rossmoor's independence.

Both the City of Los Alamitos and Rossmoor receive water and sewer service through the same agencies, Southern California Water Company and Rossmoor/Los Alamitos Area Sewer District, respectively.

SOI 05-34

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING A SPHERE OF INFLUENCE FOR THE CITY OF LOS ALAMITOS

March 8, 2006

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt Spheres of Influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the Sphere of Influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a Sphere of Influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence the Commission shall conduct Municipal Service Reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, April 13, 2005, after public hearings, Orange County LAFCO adopted Resolution MSR 03-28 approving the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach Municipal Service Review and adopting the written determinations contained therein; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set September 14, 2005 as the hearing date on this Sphere of Influence review proposal and gave the required notice of public hearing; and

Resolution SOI 05-34 Page 1 of 4

WHEREAS, on September 14, 2005, Orange County LAFCO continued consideration of the Sunset Beach Sanitary District for a period of six months to allow completion of the City of Huntington Beach Municipal Service Review; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set March 8, 2006 as the hearing date on this Sphere of Influence Review and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of the designation of a sphere of influence for the Sunset Beach Sanitary District; and

WHEREAS, this Commission called for and held a public hearing on the proposal on March 8, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, LAFCO, as the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews, completed an initial study and determined that adoption of the sphere of influence for the City of Los Alamitos would not have a significant effect on the environment as defined in CEQA.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Action:

a) LAFCO, as the lead agency, has determined that adoption of the sphere of influence for the City of Los Alamitos would not have a significant effect

Resolution SOI 05-34 Page 2 of 4

- on the environment as defined in CEQA. The Commission has therefore adopted a Negative Declaration for the sphere of influence review.
- b) The Executive Officer is instructed to file the Negative Declaration with the County Clerk in accordance with CEQA.

Section 2. Determinations

- The Commission has adopted an updated sphere of influence for the City of Los Alamitos which includes the unincorporated community of Rossmoor.
- b) The Commission has adopted the accompanying Statement of Determinations, shown as "Exhibit A."
- c) The Commission has determined that the City of Los Alamitos has sufficient resources and facilities to provide service within its current sphere area.
- Section 3. This sphere review is assigned the following distinctive short-form designation: "Sphere of Influence Study for the City of Los Alamitos (SOI 05-31).
- Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:
NOES:
STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, BOB BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 8th day of March, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March, 2006.

Resolution SOI 05-34 Page 3 of 4

BOR BOUEK
Chair of the Orange County
Local Agency Formation Commission

By:		
-	Bob Bouer	

Resolution SOI 05-34 Page 4 of 4



ROSSMOOR COMMUNITY SERVICES DISTRICT

3001 BLUME DRIVE, ROSSMOOR, CA 90720 / (562) 430-3707 / FAX (562) 431-3710

August 12, 2005

Carolyn Emery, Project Manager Local Agency Formation Commission Orange County 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

Re: Comments on the Proposed Rossmoor Community Services District SOI

Dear Ms. Emery:

In response to your letter dated July 27, 2005, requesting comments on the Sphere of Influence (SOI) Update for the Rossmoor Community Services District (SOI 05-33), the District's Board of Directors has considered this matter and would like to provide the following comments:

Largely in response to the recent MSR and its review of the adequacy and present and probable future needs for public services, the District intends to explore expanding its services to include police/law enforcement services. These services could be provided through a direct contract or other suitable arrangement with an appropriate law enforcement agency, or as otherwise most beneficial to the residents of Rossmoor, in accordance with the applicable procedures under the Government Code.

On the issue of the adequacy and present and probable future needs for public facilities, the District would like to explore expanding its service boundary to accommodate a possible regional park for Rossmoor exclusively and, should that not be feasible, then in coordination with another agency as may be appropriate.

In regard to adjustments to the physical boundaries of Rossmoor's SOI, the District respectfully suggests that LAFCO consider the expansion of Rossmoor's SOI to include the immediately adjacent area known as the Rossmoor Shopping Center. Although this pocket was annexed by the City of Seal Beach at a time when the current safeguards of the Cortese-Knox-Hertzberg Act were not in effect, the Rossmoor Shopping Center was designed as a part of the Rossmoor community, to serve that community, it is integral to the Rossmoor community and to this day it remains predominantly supported by the residents of Rossmoor.

Thank you for the opportunity to provide these comments. Please let me know if you have any questions or desire further information in regard to the matters discussed in this letter.

Sincerely,

Alfred Colett

···

RECEIVED AUG 1 5 2005

Attachment 2 -

City of Seal Beach Sphere of Influence Staff Report from March 8, 2006





March 8, 2006

CHAIR
SUSAN WILSON

Representative of General Public

VICE CHAIR ROBERT BOUER

Councilmember City of Laguna Woods

BILL CAMPBELL

Supervisor Third District

PETER HERZOG Councilmember

Councilmember City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: City of Seal Beach Sphere of Influence Update (SOI

05-32)

BACKGROUND

Originally scheduled for Commission consideration on September 14, 2005, the City of Seal Beach sphere of influence update was continued for a period of six months pending completion of the City of Huntington Beach Municipal Service Review (MSR).

INTRODUCTION

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused their energies on ways to empower the already existing LAFCOs originally established in 1963. The Commission's final report, *Growth within Bounds*, recommended various changes to local land use laws and LAFCO statutes. Many of these changes were incorporated into the Cortese-Knox-Hertzberg Reorganization Act of 2000 that provided LAFCO with new responsibilities.

One of the major new responsibilities of LAFCO is to conduct comprehensive, regional studies of municipal services (Municipal Service Reviews or MSRs) every five years in conjunction with reviews of city and district spheres of influence (Government Code Sections 56425 and 56530). Spheres of Influence (SOIs) are boundaries, determined by LAFCO, which define the ultimate service area for cities and special districts. An MSR was prepared for the City of Seal Beach in March 2005. This report addresses the required SOI update for the City.

HISTORY

The City of Seal Beach, incorporated in 1915, has a current population of approximately 27,210 residents. Located along the coast in northwest Orange County, the City is bordered to the north by the City of Los Alamitos and the unincorporated community of Rossmoor, the Cities of Garden Grove and Westminster to the east, and the City of Huntington Beach and the unincorporated community of Sunset Beach to the south (*see Exhibit A – Location Map*).

The City of Seal Beach includes the Surfside Colony, a private, gated community located immediately north of Sunset Beach but physically separated from the City by Anaheim Bay. The City of Seal Beach is largely built-out. The Center for Demographic Research at California State University, Fullerton projects an increase of 2,034 residents within Seal Beach by year 2020.

Sunset Beach

Oriented along a one-mile stretch of Pacific Coast Highway, the unincorporated community of Sunset Beach is surrounded to east and south by the City of Huntington Beach. To the west is the Pacific Ocean. Sunset Beach is immediately adjacent to the Surfside Colony to the north, which is a private, gated residential community located within the City of Seal Beach.

According the Center for Demographic Research at California State University, Fullerton, Sunset Beach has a population of approximately 1,336 residents. The community is predominantly residential in character, but offers a variety of visitor-serving commercial uses. Because of its beach location, Sunset Beach remains a popular destination for visitors, particularly during the summer months.

The Sunset Beach community receives its local services from a variety of sources. The Orange County Sheriff and California Highway Patrol provide police protection and traffic control. Water is provided by the City of Huntington Beach. Sewer and trash collection services are offered through the Sunset Beach Sanitary District, which also serves the Surfside Colony within the City of Seal Beach. The Orange County Fire Authority provides fire suppression services. Planning, code enforcement, land use, road maintenance, park and landscaping maintenance, beach maintenance, lifeguard services and other government administrative services are handled through the County of Orange. Staff is recommending that the community of Sunset Beach be placed in the sphere of influence for the City of Huntington Beach.

March 8, 2006 RE: City of Seal Beach SOI Page 3

Rossmoor

Rossmoor is an unincorporated County island comprising approximately 985 acres located between the Cities of Seal Beach and Los Alamitos. One of the area's first "planned communities," Rossmoor is almost entirely residential. Almost all of the single-family detached homes were built during the 1950s.

The community primarily consists of ranch style homes on tree-lined streets. A red brick "signature wall" surrounds the community, although the community is not private. The current population in Rossmoor, according to the Center for Demographic Research at California State University, Fullerton, is approximately 10,560. The community is built-out and only limited growth is anticipated; population projections indicate a population of 11,467 residing within Rossmoor in year 2020.

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. The City of Los Alamitos virtually surrounds Rossmoor on the north, northeast and northwest. Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway, although there are residential and commercial uses within the City of Seal Beach directly southeast of Rossmoor. Three shopping centers and some residential uses located near the intersection of Rossmoor Center Drive and Seal Beach Boulevard are within the City of Seal Beach and immediately adjacent to southeast portion of Rossmoor.

Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services (street lighting and sweeping, parks and recreation, median landscaping and parkway tree maintenance, and maintenance of the community wall) to Rossmoor residents reflect Rossmoor's independence.

Previous SOI Determinations for City of Seal Beach

The City's sphere of influence was initially adopted in February 1974. At that time, the sphere was coterminous with the City's corporate limits. In June 1975, the City annexed the 103-acre Hellman Ranch property and the United States Naval Weapons Station.

In June 1976, the City requested an amendment to the City's sphere and the concurrent annexation of approximately 818 acres of the Pacific Ocean adjacent to the Surfside Colony from the mean high tide seaward to the three-mile limit.

March 8, 2006 RE: City of Seal Beach SOI Page 4

The purpose of the request was to provide a consistent three-mile boundary of all tide and submerged lands adjacent to the City. On July 19, 1976, LAFCO approved an updated sphere of influence and annexation of the requested 818 acres. Sphere of influence reviews in 1983 and 1989 reaffirmed a coterminous sphere for the City of Seal Beach (*see Exhibit B – Existing Sphere of Influence Map*).

ANALYSIS

In determining a sphere of influence for an agency, Government Code 56425 requires LAFCO to consider each of the following factors:

- The present and planned land uses in the area
- The present and probable need for public facilities and services in the area
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- The existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency

Each of these factors is evaluated below for your Commission's consideration.

Present and Planned Land Uses in the Area

The City of Seal Beach includes a mix of land uses. Approximately 37 percent of the City is dedicated to residential use. Commercial and industrial uses comprise about 6 percent and 5 percent of the City, respectively. The remaining land is primarily devoted to open space, military and school and park uses. The City is fully developed; no significant changes to existing land uses are anticipated.

Present and Probable Need for Public Facilities and Services

The City of Seal Beach is built-out. The current population is 27,210. The City's population is projected to grow to 29,244 by year 2020. Because of limited growth opportunities citywide, the extension of City infrastructure and services is expected to be minimal.

Two federal defense faculties are located in the immediate area – the United States Naval Weapons Station in Seal Beach and the Joint Forces Training Center in Los Alamitos. The Naval Weapons Station is 5,256 acres in size and is nearly twice the size of the remaining portion of Seal Beach. This facility is not currently located on a federal base closure list and no need for additional city services is anticipated at this time.

<u>Present Capacity of Public Facilities and Adequacy of Public Services</u> In the March 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social and Economic Communities of Interest

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. While the City of Los Alamitos borders Rossmoor on the north, east and west, Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway. However, three shopping centers and some residential uses, near the intersection of Rossmoor Center Drive and Seal Beach Boulevard within the City of Seal Beach, are located immediately adjacent to the southeast portion of the Rossmoor community. Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services to Rossmoor residents reflect Rossmoor's independence.

The unincorporated community of Sunset Beach borders the City of Seal Beach to south. Sunset Beach is immediately adjacent to the private, gated community of Seal Beach's Surfside Colony. Both Sunset Beach and Surfside Colony receive sewer service through the Sunset Beach Sanitary District. Surfside is physically separated from the main portion of Seal Beach by the Anaheim Bay making delivery of municipal services to the Surfside area by the City of Seal Beach challenging at times. The distance from the City's police and fire headquarter facilities to Surfside is approximately 2.5 miles via Pacific Coast Highway. The City is not a logical service provider for the Sunset Beach community. LAFCO staff would question whether the City of Seal Beach is the most logical service provider for Surfside; however, LAFCO can not detach territory from a city without that city's consent and neither the City of Seal Beach not the residents of Surfside have expressed any interest in changing jurisdictional boundaries.

CONCLUSIONS

Staff has communicated with the City of Seal Beach and surrounding agencies on the subject sphere of influence. The City of Seal Beach has expressed their support for reaffirmation of a coterminous sphere of influence for the City of Seal Beach.

In staff's review of the sphere of influence boundary for Seal Beach, we have identified no significant issues at this time that warrant any change in the sphere

boundary. Staff recommends reaffirming the existing coterminous sphere of influence.

Other Options Not Precluded

As indicated in the March 2005 Municipal Service Review (MSR) for this area, many of the service providers in the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach area are under significant fiscal stress. Collectively, the area is served by a multiplicity of service providers, including among others, four police agencies, three water agencies, three sewer districts, and four agencies providing park and recreation services.

In the year following the MSR, residents and agencies have started to explore a variety of long-term governance options for their communities. Adoption of a coterminous sphere of influence for the City of Seal Beach does not preclude implementation of any future alternative. Spheres can be changed and, in fact, are required by state law to be reviewed at least once every five years to evaluate whether new circumstances warrant a sphere change.

CEQA

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews. Staff completed an initial study, and it was determined that adoption of the sphere of influence for the City of Seal Beach would not have a significant effect on the environment as determined by CEQA. Accordingly, a Draft Negative Declaration (*see Attachment 1*) was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declaration have been received.

STAFF RECOMMENDATION

Staff recommends that the Commission take the following actions:

- 1. Adopt the Negative Declaration (*Attachment 1*) prepared for the proposed sphere of influence update.
- 2. Adopt the Statement of Determinations as required by Government Code Section 56425 (*Attachment 2*)
- 3. Adopt the resolution (*see Attachment 3*) reaffirming the City of Seal Beach sphere of influence as coterminous with the City's exiting jurisdictional boundary as shown on *Exhibit B*.

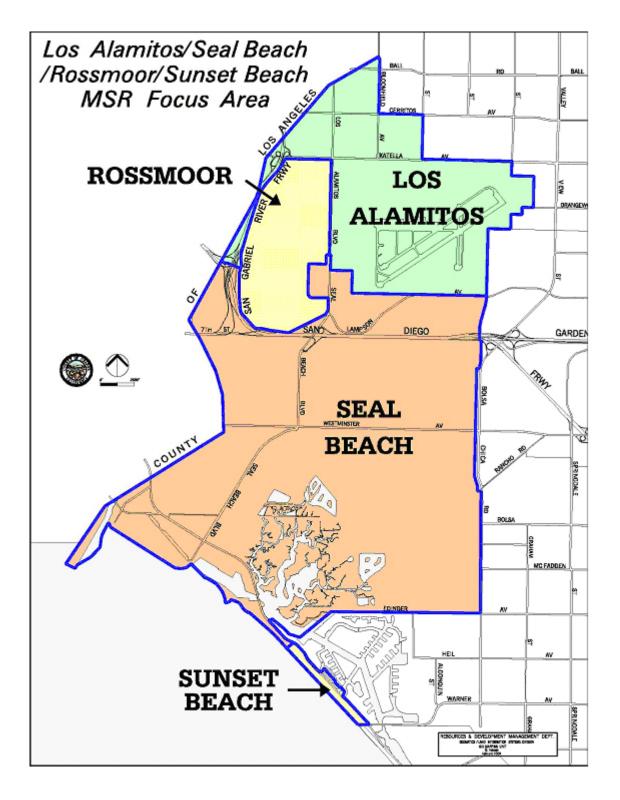
RE: 0 Page	City of Seal Beach SOI 7	
Resp	pectfully submitted,	
JOY(CE CROSTHWAITE	BOB ALDRICH
Exhib	pits:	
A. B.	Location Map City of Seal Beach SOI Map	

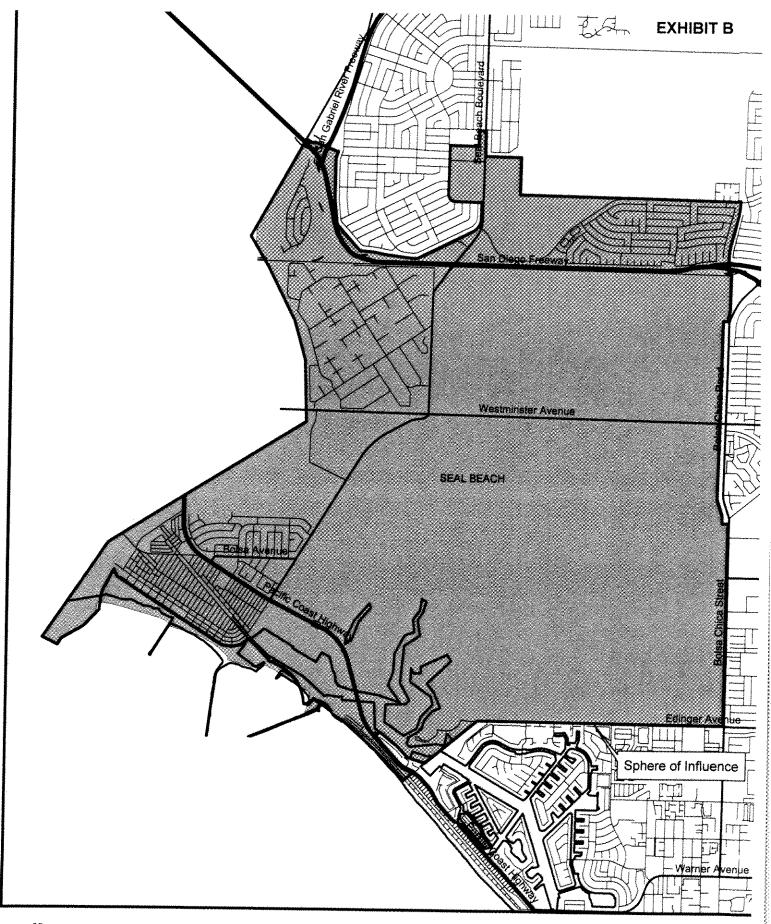
Attachments:

March 8, 2006

- Draft Negative Declaration 1.
- Statement of Determinations 2.
- 3. Adopting Resolution

Comment Letter









City of Seal Beach Sphere of Influence Map

3/08/06

Filgis/projects/FirstSRmaps/SealBeach.mxd Last Reviewed: 11/01

SOI Originally Adopted: 02/27/74 Last Reviewed: 11/01/89

ENVIRONMENTAL CHECKLIST FORM

1. Project Title: City of Seal Beach Sphere of Influence Update

2. Lead Agency Name and Address:

Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

3. Contact Person and Phone Number: Bob Aldrich, Assistant Executive Officer, (714) 834-2556

4. Project Location: The City of Seal Beach is located in northwest Orange County. To the south are the City of Huntington Beach and the unincorporated community of Sunset Beach. To the west are the City of Long Beach and the Pacific Ocean. The Cities of Westminister, Garden Grove and Cypress border the City of Seal Beach to the east. To the north are the unincorporated community of Rossmoor and the City of Los Alamitos.

5. Project Sponsor's Name and Address:

Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

6. General Plan Designation: Residential, Open Space, Industrial and

Commercial

7. Zoning: Residential, Open Space, Industrial and Commercial

8. Description of Project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheet(s) if necessary.)

Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the proposed update of the City of Seal Beach's sphere of influence. The proposed sphere of influence boundary for the City of Seal Beach is coterminous with the existing City boundary. The negative declaration confirms the findings of the associated initial study that the proposed project (the City of Seal Beach sphere of influence update) will not have a significant effect on the environment.

In accordance with Government Code Section 56425 and the LAFCO Sphere of Influence Policy, LAFCO is required to review an agency's sphere of influence every five years in conjunction with conducting municipal service reviews. LAFCO is required to establish a sphere of influence to identify probable future boundaries and service areas of all cities and special districts. A sphere of influence has a time horizon of 15 to 20 years.

LAFCO is recommending that the City of Seal Beach sphere of influence be reaffirmed as conterminous with the City's existing jurisdictional boundary.

9. Surrounding Land Uses and Setting:

The City of Seal Beach, and the surrounding communities of Los Alamitos, Westminster, Huntington Beach, Rossmoor and Sunset Beach, are largely built-out. There are two federal defense facilities

located in the area – the United States Naval Weapons Station located in Seal Beach and the Joint Forces Training Center in the City of Los Alamitos. The Naval Weapons Station is 5,256 acres in size and is nearly twice the size of the remaining portion of Seal Beach. The City of Seal Beach and surrounding areas are largely urbanized and offer only limited growth potential, unless one or both of the federal defense facilities are closed in the future. Neither facility is currently listed for realignment or closure by the Federal Base Realignment and Closure Commission (BRAC).

10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement):

None

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

~	Aesthetics	~	Agriculture Resources	~	Air Quality
~	Biological Resources	~	Cultural Resources	~	Geology / Soils
~	Hazards & Hazardous Materials	~	Hydrology / Water Quality	~	Land Use / Planning
~	Mineral Resources	~	Noise	~	Population / Housing
~	Public Services	~	Recreation	~	Transportation / Traffic
~	Utilities / Service Systems	~	Mandatory Findings of Significance		

DETERMINATION (To be completed by the Lead Agency):

On the basis of this initial evaluation:

- ✓ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ~ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- ~ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE

DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

	<u>February 6, 2005</u>
Signature	Date
Joyce Crosthwaite, Executive Officer	Orange County LAFCO
Printed Name	For

EVALUATION OF ENVIRONMENTAL IMPACTS:

The following is the environmental checklist form presented in Appendix G of the CEQA Guidelines. The checklist form is used to describe the potential environmental impacts of the proposed project with respect to 17 factors prescribed for consideration. For this checklist, the following four designations are used:

- Potentially Significant Impact: An impact that could be significant, and for which no mitigation has been identified. If any potentially significant impacts are identified, an EIR must be prepared.
- Potentially Significant Unless Mitigation Incorporated: An impact that requires mitigation to reduce the impact to a less-than-significant level.
- Less-Than-Significant Impact: Any impact that would not be considered significant under CEQA relative to existing standards.
- No Impact: The project would not have any impact.

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
I. AESTHETICS. Would the project:				
a) Have a substantial adverse effect on a scenic vista?	~	~	~	✓
b) Substantially damage scenic resources, including, but not limited to, tress, rock outcroppings, and historic buildings within a state scenic highway?	~	~	~	✓
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	~	~	~	✓
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	~	~	~	✓

Discussion: The project will not result in any significant direct or cumulative impacts on the aesthetics of the project area. This includes not adversely affecting scenic vistas, damaging scenic resources, degrading visual character, or creating new sources of light.

II. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

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Issues:

	Potentially Significant Impact	Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	~	~	~	√
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	~	~	~	✓
c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	~	~	~	✓
Discussion: The proposed project will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.				
III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	~	~	~	✓
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	~	~	~	✓
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	~	~	~	✓
d) Expose sensitive receptors to substantial pollutant concentrations?	~	~	~	✓

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d) Create objectionable odors affecting a substantial number of people?

Discussion: The project will not result in any significant direct or cumulative impacts on the air quality within the project area. This includes not violating air quality standards or creating objectionable odors.

IV. BIOLOGICAL RESOURCES. Would the project:

- a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?
- d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?
- e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
e) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	~	~	~	✓
Discussion: The proposed project will not cause any specific new developments to be built. The project will not result in any significant direct or cumulative impacts on the biological resources of the project area and this includes adversely affecting endangered, threatened, or rare species and their habitat.				
V. CULTURAL RESOURCES. Would the project:				
 a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5? 	~	~	~	✓
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?	~	~	~	✓
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	~	~	~	✓
d) Disturb any human remains, including those interred outside of formal cemeteries?	~	~	~	✓
Discussion: The project will not result in any significant direct or cumulative impacts on the cultural resources of the project area.				
VI. GEOLOGY AND SOILS Would the project:				
 a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving: 	~	~	~	✓

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i) Rupture of a known earthquake fault, as
delineated on the most recent Alquist-Priolo
Earthquake Fault Zoning Map issued by the
State Geologist for the area or based on other
substantial evidence of a known fault? Refer to
Division of Mines and Geology Special
Publication 42.

- ii) Strong seismic ground shaking?
- iii) Seismic-related ground failure, including liquefaction?
- iv) Landslides?
- b) Result in substantial soil erosion or the loss of topsoil?
- c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse?
- d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?
- e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

Discussion: The sphere of influence update will not result in any significant direct or cumulative impacts on the geology or soils of the project area, including contributing to soil erosion or exposing individuals or structures to loss, such as injury or death, resulting from earthquakes or landslides

VII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

~	~	~	✓

ATTACHMENT 1 Less Than **Issues:** Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school? d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment? e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? Discussion: Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area. VIII. HYDROLOGY AND WATER QUALITY. Would the project:

discharge requirements?

a) Violate any water quality standards or waste

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		Potentially Significant Impact	With Mitigation Incorporated	Less Than Significant Impact	No Impact
b)	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	~	~	√	~
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	~	~	~	✓
d)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off- site?	~	~	~	✓
e)	Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?	~	~	~	✓
f)	Otherwise substantially degrade water quality?	~	~	~	✓
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	~	~	~	✓
h)	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	~	~	~	✓
i)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	~	~	~	✓

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
j) Inundation by seiche, tsunami, or mudflow?	~	~	~	✓
Discussion: Adoption of an updated sphere of influence for the City of Seal Beach will not result in a depletion of groundwater supplies, alteration of existing drainage patterns, creation of runoff water, and exposure of people to a significant risk of flooding nor will it result in a net deficit in aquifer volume.				
IX. LAND USE AND PLANNING. Would the project:				
a) Physically divide an established community?	~	~	~	✓
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	~	~	~	✓
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	~	~	~	✓
Discussion: The proposed sphere update would reaffirm the City's existing sphere of influence which is coterminous with the City's boundary. Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to land use planning within the project area.				
X.MINERAL RESOURCES. Would the project:				

a) Result in the loss of availability of a known mineral resource that would be of value to the region and

the residents of the state?

Issues:		Less Than Significant		
	Potentially	With	Less Than	
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b) Result in the loss of availability of a locallyimportant mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

Discussion:. The project will not result in any significant direct or cumulative impacts on the mineral resources of the project area. This includes not incurring the loss of known valuable mineral resources.

XI. NOISE. Would the project result in:

- a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?
- b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?
- c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?
- d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

~	~	~	\checkmark

~	~	~	✓

,	~	~	~	✓

~	~	~	\checkmark

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
For a project within the vicinity of a private	~	~	~	✓

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

Discussion: The project will not result in any significant direct or cumulative impacts on noise levels within the project area. This includes not exposing individuals to excess groundborne vibrations or substantially increasing ambient noises, whether temporary, periodical, or permanent.

XII. POPULATION AND HOUSING. Would the project:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?
- b) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

Discussion: The proposed sphere of influence update reaffirms the City's existing sphere of influence. The City of Seal Beach is largely built-out. Adoption of an updated sphere of influence, which is conterminous with the City's existing jurisdictional boundary, will not result in direct and substantial population growth. XIII. PUBLIC SERVICES. Would the project:

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire protection?

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impac
Police protection?	~	~	~	✓
Schools?	~	~	~	✓
Parks?	~	~	~	✓
Other public facilities?	~	~	~	✓
Discussion: The proposed sphere of influence update reaffirms the City's existing sphere of influence. The proposed sphere of influence update will have no impact on the ability of the City of Seal Beach to provide public services and facilities for its existing residents. XIV. RECREATION. Would the project:				
a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	~	~	~	✓
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which have an adverse physical effect on the environment?	~	~	~	✓
Discussion: The project will not result in any significant direct or cumulative impacts on recreational services within the project area including increasing the use of existing neighborhood and regional parks.				
XV. TRANSPORTATION / TRAFFIC. Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	~	~	~	√

b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?

ATTACHMENT 1 Less Than **Issues:** Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? e) Result in inadequate emergency access? f) Result in inadequate parking capacity? g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)? Discussion: The project will not result in any significant direct or cumulative impacts relating to transportation or circulation within the project area. This includes not causing an increase in street or air traffic patterns, creating inadequate emergency access or parking capacity, or conflicting with adopted transportation policies. XVI. UTILITIES AND SERVICE SYSTEMS. Would the project: a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded

entitlements needed?

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- e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?
- f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?
- g) Comply with federal, state, and local statutes and regulations related to solid waste?

Discussion: Water and sewer service is provided to Seal Beach residents through the City of Seal Beach Public Works Department. The proposed sphere of influence update, which reaffirms the City's existing sphere of influence, will have no impact on the ability of the City of Seal Beach to serve existing customers.

XVII. MANDATORY FINDINGS OF SIGNIFICANCE

- a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat or a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?
- b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current project, and the effects of probable future projects.)

~	~	~	✓

Issues:

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Potentially With Less Than
Significant Mitigation Significant No Impact
Impact Incorporated Impact

c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

Discussion: The project would not result in any significant direct or cumulative impacts relating to mandatory findings of significance within the project area. This includes not degrading the quality of the environment or causing substantial adverse effects on individuals, whether directly or indirectly.

Statement of Determinations City of Seal Beach Sphere of Influence

Present and Planned Land Uses for the Area

The City of Seal Beach includes a mix of land uses. Approximately 37 percent of the City is dedicated to residential use. Commercial and industrial uses comprise about 6 percent and 5 percent of the City, respectively. The remaining land is primarily devoted to open space, military, school and park uses. The City is fully developed; no significant changes to existing land uses are anticipated.

<u>Present and Probable Need for Public Facilities and Services</u>

The City of Seal Beach is built-out. The current population is 27,210. The City's population is projected to grow to 29,244 by year 2020. Because of limited growth opportunities citywide, the extension of City infrastructure and services is expected to be minimal. Two federal defense faculties are located in the immediate area – the United States Naval Weapons Station in Seal Beach and the Joint Forces Training Center in Los Alamitos. These facilities are not currently located on a federal base closure list and no need for additional city services is anticipated at this time.

<u>Present Capacity of Public Facilities and Adequacy of Public Services</u> In the March 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social or Economic Communities of Interest

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. While the City of Los Alamitos borders Rossmoor on the north, east and west, Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway. However, three shopping centers and some residential uses, near the intersection of Rossmoor Center Drive and Seal Beach Boulevard, are located within the City of Seal Beach and are immediately adjacent to the southeast portion of Rossmoor. Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services to Rossmoor residents reflect Rossmoor's independence.

The unincorporated community of Sunset Beach borders the City of Seal Beach to south. Sunset Beach is immediately adjacent to the private, gated community of Seal Beach's Surfside Colony. Both Sunset Beach and Surfside Colony receive sewer service through the Sunset Beach Sanitary District, respectively. Sunset Beach residents strongly support maintaining a separate identity for the community of Sunset Beach.

SOI 05-32

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING A SPHERE OF INFLUENCE FOR THE CITY OF SEAL BEACH

March 8, 2006

On motion of Commissioner ______, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt Spheres of Influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the Sphere of Influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a Sphere of Influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence the Commission shall conduct Municipal Service Reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, April 13, 2005, after public hearings, Orange County LAFCO adopted Resolution MSR 03-28 approving the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach Municipal Service Review and adopting the written determinations contained therein; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set September 14, 2005 as the hearing date on this Sphere of Influence review proposal and gave the required notice of public hearing; and

Resolution SOI 05-32 Page 1 of 4

WHEREAS, on September 14, 2005, Orange County LAFCO continued consideration of the City of Seal Beach Sphere of Influence for a period of six months to allow for completion of the City of Huntington Beach Municipal Service Review; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set March 8, 2006 as the hearing date for this sphere of influence review and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of the designation of a sphere of influence for the City of Seal Beach; and

WHEREAS, this Commission called for and held a public hearing on the proposal on March 8, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, LAFCO, as the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews, completed an initial study and determined that adoption of the sphere of influence for the City of Seal Beach would not have a significant effect on the environment as defined in CEQA.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Action:

a) LAFCO, as the lead agency, has determined that adoption of the sphere of influence for the City of Seal Beach would not have a significant effect on

Resolution SOI 05-32 Page 2 of 4

- the environment as defined in CEQA. The Commission has therefore adopted a Negative Declaration for the sphere of influence review.
- b) The Executive Officer is instructed to file the Negative Declaration with the County Clerk in accordance with CEQA.

Section 2. Determinations

- The Commission has adopted a coterminous sphere of influence for the City of Seal Beach.
- b) The Commission has adopted the accompanying Statement of Determinations, shown as "Exhibit A."
- c) The Commission has reaffirmed the City of Seal Beach's previous sphere of influence as shown on the attached map labeled "Exhibit B."
- d) The Commission has determined that the City of Seal Beach has sufficient resources and facilities to provide service within its current sphere area.
- Section 3. This sphere review is assigned the following distinctive short-form designation: "Sphere of Influence Study for the City of Seal Beach" (SOI 05-32).
- Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:
NOES:
STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, BOB BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 8th day of March, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March, 2006.

Resolution SOI 05-32 Page 3 of 4

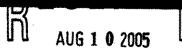
BOB BOUER	
Chair of the Orange County	
Local Agency Formation Commission	
By:	
Bob Bouer	

Resolution SOI 05-32 Page 4 of 4

City of Seal Beach



August 5, 2005



LOCAL AGENCY FORMATION COMMISSION

Orange County Local Agency Formation Commission Attn: Joyce Crosthwaite, Executive Officer 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

Dear Ms. Crosthwaite:

SUBJECT:	SPHERE OF INFLUENCE (SOI) UPDATES FOR
	CITY OF SEAL BEACH (SOI 05-32)
	□ SURFSIDE COLONY COMMUNITY
	SERVICES TAX DISTRICT (SOI 05-36)
	U SURFSIDE COLONY STORM WATER
	PROTECTION TAX DISTRICT (SOI 05-37)
	CITY OF LOS ALAMITOS (SOI 05-31)
	ROSSMOOR COMMUNITY SERVICES DISTRICT (SOI 05-33)
	SUNSET BEACH SANITARY DISTRICT (SOI 05-5)

Our staff has reviewed the Sphere of Influence Updates as referenced above, and is in concurrence with the indicated (existing) spheres as set forth in your letters of July 27, 2005 for each of the indicated updates. This position is based on the recent Municipal Service Review process that all of the impacted agencies participated in with LAFCO in the early part of 2005.

We have a comment that the Surfside Colony Community Services Tax District (SOI 05-36) and Surfside Colony Storm Water Protection Tax District (SOI 05-37) maps do not appear to include the Surfside Colony area up to Anderson Street, and that these maps should be revised to indicate the southeasterly boundary is Anderson Street.

Please contact my office at your earliest convenience if you require additional information or have questions regarding the enclosed documents. I can be reached at (562) 431-2527, extension 300, or by e-mail at jbahorski@ci.seal-beach.ca.us.

City of Seal Beach Comment Letter to Orange County Local Agency Formation Commission re: 2005 SOI Updates August 5, 2005

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ohn B. Bahorski City Manager

Distribution:

Seal Beach City Council

Seal Beach Director of Development Services

Surfside Colony Attn: Judith Norton

City of Los Alamitos

Attn: Lee Evett, City Manager

Rossmoor Community Services District

Attn: Jami Doyle

Attachment 3 -

City of Los Alamitos Sphere of Influence Staff Report from March 8, 2006





March 8, 2006

CHAIR SUSAN WILSON

Representative of General Public

VICE CHAIR ROBERT BOUER

Councilmember City of Laguna Woods

BILL CAMPBELL

Supervisor Third District

PETER HERZOG Councilmember

Councilmember City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: City of Seal Beach Sphere of Influence Update (SOI

05-32)

BACKGROUND

Originally scheduled for Commission consideration on September 14, 2005, the City of Seal Beach sphere of influence update was continued for a period of six months pending completion of the City of Huntington Beach Municipal Service Review (MSR).

INTRODUCTION

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused their energies on ways to empower the already existing LAFCOs originally established in 1963. The Commission's final report, *Growth within Bounds*, recommended various changes to local land use laws and LAFCO statutes. Many of these changes were incorporated into the Cortese-Knox-Hertzberg Reorganization Act of 2000 that provided LAFCO with new responsibilities.

One of the major new responsibilities of LAFCO is to conduct comprehensive, regional studies of municipal services (Municipal Service Reviews or MSRs) every five years in conjunction with reviews of city and district spheres of influence (Government Code Sections 56425 and 56530). Spheres of Influence (SOIs) are boundaries, determined by LAFCO, which define the ultimate service area for cities and special districts. An MSR was prepared for the City of Seal Beach in March 2005. This report addresses the required SOI update for the City.

HISTORY

The City of Seal Beach, incorporated in 1915, has a current population of approximately 27,210 residents. Located along the coast in northwest Orange County, the City is bordered to the north by the City of Los Alamitos and the unincorporated community of Rossmoor, the Cities of Garden Grove and Westminster to the east, and the City of Huntington Beach and the unincorporated community of Sunset Beach to the south (*see Exhibit A – Location Map*).

The City of Seal Beach includes the Surfside Colony, a private, gated community located immediately north of Sunset Beach but physically separated from the City by Anaheim Bay. The City of Seal Beach is largely built-out. The Center for Demographic Research at California State University, Fullerton projects an increase of 2,034 residents within Seal Beach by year 2020.

Sunset Beach

Oriented along a one-mile stretch of Pacific Coast Highway, the unincorporated community of Sunset Beach is surrounded to east and south by the City of Huntington Beach. To the west is the Pacific Ocean. Sunset Beach is immediately adjacent to the Surfside Colony to the north, which is a private, gated residential community located within the City of Seal Beach.

According the Center for Demographic Research at California State University, Fullerton, Sunset Beach has a population of approximately 1,336 residents. The community is predominantly residential in character, but offers a variety of visitor-serving commercial uses. Because of its beach location, Sunset Beach remains a popular destination for visitors, particularly during the summer months.

The Sunset Beach community receives its local services from a variety of sources. The Orange County Sheriff and California Highway Patrol provide police protection and traffic control. Water is provided by the City of Huntington Beach. Sewer and trash collection services are offered through the Sunset Beach Sanitary District, which also serves the Surfside Colony within the City of Seal Beach. The Orange County Fire Authority provides fire suppression services. Planning, code enforcement, land use, road maintenance, park and landscaping maintenance, beach maintenance, lifeguard services and other government administrative services are handled through the County of Orange. Staff is recommending that the community of Sunset Beach be placed in the sphere of influence for the City of Huntington Beach.

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Rossmoor

Rossmoor is an unincorporated County island comprising approximately 985 acres located between the Cities of Seal Beach and Los Alamitos. One of the area's first "planned communities," Rossmoor is almost entirely residential. Almost all of the single-family detached homes were built during the 1950s.

The community primarily consists of ranch style homes on tree-lined streets. A red brick "signature wall" surrounds the community, although the community is not private. The current population in Rossmoor, according to the Center for Demographic Research at California State University, Fullerton, is approximately 10,560. The community is built-out and only limited growth is anticipated; population projections indicate a population of 11,467 residing within Rossmoor in year 2020.

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. The City of Los Alamitos virtually surrounds Rossmoor on the north, northeast and northwest. Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway, although there are residential and commercial uses within the City of Seal Beach directly southeast of Rossmoor. Three shopping centers and some residential uses located near the intersection of Rossmoor Center Drive and Seal Beach Boulevard are within the City of Seal Beach and immediately adjacent to southeast portion of Rossmoor.

Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services (street lighting and sweeping, parks and recreation, median landscaping and parkway tree maintenance, and maintenance of the community wall) to Rossmoor residents reflect Rossmoor's independence.

Previous SOI Determinations for City of Seal Beach

The City's sphere of influence was initially adopted in February 1974. At that time, the sphere was coterminous with the City's corporate limits. In June 1975, the City annexed the 103-acre Hellman Ranch property and the United States Naval Weapons Station.

In June 1976, the City requested an amendment to the City's sphere and the concurrent annexation of approximately 818 acres of the Pacific Ocean adjacent to the Surfside Colony from the mean high tide seaward to the three-mile limit.

March 8, 2006 RE: City of Seal Beach SOI Page 4

The purpose of the request was to provide a consistent three-mile boundary of all tide and submerged lands adjacent to the City. On July 19, 1976, LAFCO approved an updated sphere of influence and annexation of the requested 818 acres. Sphere of influence reviews in 1983 and 1989 reaffirmed a coterminous sphere for the City of Seal Beach (*see Exhibit B – Existing Sphere of Influence Map*).

ANALYSIS

In determining a sphere of influence for an agency, Government Code 56425 requires LAFCO to consider each of the following factors:

- The present and planned land uses in the area
- The present and probable need for public facilities and services in the area
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- The existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency

Each of these factors is evaluated below for your Commission's consideration.

Present and Planned Land Uses in the Area

The City of Seal Beach includes a mix of land uses. Approximately 37 percent of the City is dedicated to residential use. Commercial and industrial uses comprise about 6 percent and 5 percent of the City, respectively. The remaining land is primarily devoted to open space, military and school and park uses. The City is fully developed; no significant changes to existing land uses are anticipated.

Present and Probable Need for Public Facilities and Services

The City of Seal Beach is built-out. The current population is 27,210. The City's population is projected to grow to 29,244 by year 2020. Because of limited growth opportunities citywide, the extension of City infrastructure and services is expected to be minimal.

Two federal defense faculties are located in the immediate area – the United States Naval Weapons Station in Seal Beach and the Joint Forces Training Center in Los Alamitos. The Naval Weapons Station is 5,256 acres in size and is nearly twice the size of the remaining portion of Seal Beach. This facility is not currently located on a federal base closure list and no need for additional city services is anticipated at this time.

<u>Present Capacity of Public Facilities and Adequacy of Public Services</u> In the March 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social and Economic Communities of Interest

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. While the City of Los Alamitos borders Rossmoor on the north, east and west, Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway. However, three shopping centers and some residential uses, near the intersection of Rossmoor Center Drive and Seal Beach Boulevard within the City of Seal Beach, are located immediately adjacent to the southeast portion of the Rossmoor community. Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services to Rossmoor residents reflect Rossmoor's independence.

The unincorporated community of Sunset Beach borders the City of Seal Beach to south. Sunset Beach is immediately adjacent to the private, gated community of Seal Beach's Surfside Colony. Both Sunset Beach and Surfside Colony receive sewer service through the Sunset Beach Sanitary District. Surfside is physically separated from the main portion of Seal Beach by the Anaheim Bay making delivery of municipal services to the Surfside area by the City of Seal Beach challenging at times. The distance from the City's police and fire headquarter facilities to Surfside is approximately 2.5 miles via Pacific Coast Highway. The City is not a logical service provider for the Sunset Beach community. LAFCO staff would question whether the City of Seal Beach is the most logical service provider for Surfside; however, LAFCO can not detach territory from a city without that city's consent and neither the City of Seal Beach not the residents of Surfside have expressed any interest in changing jurisdictional boundaries.

CONCLUSIONS

Staff has communicated with the City of Seal Beach and surrounding agencies on the subject sphere of influence. The City of Seal Beach has expressed their support for reaffirmation of a coterminous sphere of influence for the City of Seal Beach.

In staff's review of the sphere of influence boundary for Seal Beach, we have identified no significant issues at this time that warrant any change in the sphere

boundary. Staff recommends reaffirming the existing coterminous sphere of influence.

Other Options Not Precluded

As indicated in the March 2005 Municipal Service Review (MSR) for this area, many of the service providers in the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach area are under significant fiscal stress. Collectively, the area is served by a multiplicity of service providers, including among others, four police agencies, three water agencies, three sewer districts, and four agencies providing park and recreation services.

In the year following the MSR, residents and agencies have started to explore a variety of long-term governance options for their communities. Adoption of a coterminous sphere of influence for the City of Seal Beach does not preclude implementation of any future alternative. Spheres can be changed and, in fact, are required by state law to be reviewed at least once every five years to evaluate whether new circumstances warrant a sphere change.

CEQA

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews. Staff completed an initial study, and it was determined that adoption of the sphere of influence for the City of Seal Beach would not have a significant effect on the environment as determined by CEQA. Accordingly, a Draft Negative Declaration (*see Attachment 1*) was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declaration have been received.

STAFF RECOMMENDATION

Staff recommends that the Commission take the following actions:

- 1. Adopt the Negative Declaration (*Attachment 1*) prepared for the proposed sphere of influence update.
- 2. Adopt the Statement of Determinations as required by Government Code Section 56425 (*Attachment 2*)
- 3. Adopt the resolution (*see Attachment 3*) reaffirming the City of Seal Beach sphere of influence as coterminous with the City's exiting jurisdictional boundary as shown on *Exhibit B*.

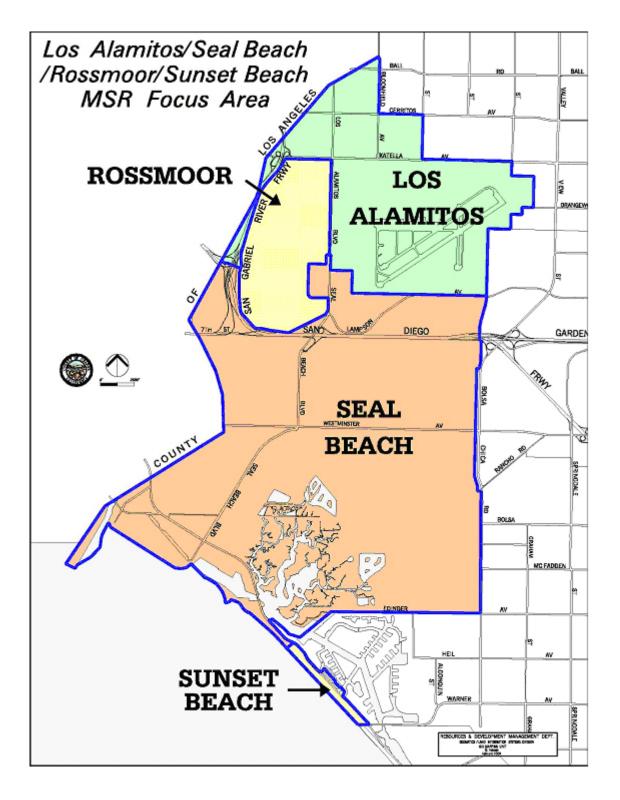
RE: 0 Page	City of Seal Beach SOI 7	
Resp	pectfully submitted,	
JOY(CE CROSTHWAITE	BOB ALDRICH
Exhib	pits:	
A. B.	Location Map City of Seal Beach SOI Map	

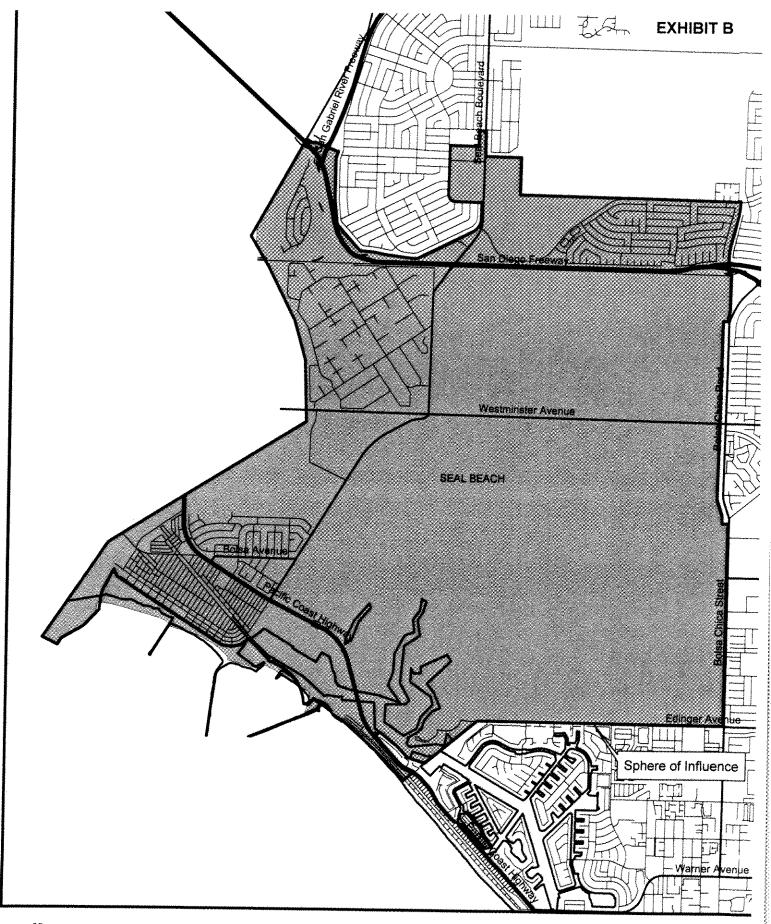
Attachments:

March 8, 2006

- Draft Negative Declaration 1.
- Statement of Determinations 2.
- 3. Adopting Resolution

Comment Letter









City of Seal Beach Sphere of Influence Map

3/08/06

Filgis/projects/FirstSRmaps/SealBeach.mxd Last Reviewed: 11/01

SOI Originally Adopted: 02/27/74 Last Reviewed: 11/01/89

ENVIRONMENTAL CHECKLIST FORM

1. Project Title: City of Seal Beach Sphere of Influence Update

2. Lead Agency Name and Address:

Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

3. Contact Person and Phone Number: Bob Aldrich, Assistant Executive Officer, (714) 834-2556

4. Project Location: The City of Seal Beach is located in northwest Orange County. To the south are the City of Huntington Beach and the unincorporated community of Sunset Beach. To the west are the City of Long Beach and the Pacific Ocean. The Cities of Westminister, Garden Grove and Cypress border the City of Seal Beach to the east. To the north are the unincorporated community of Rossmoor and the City of Los Alamitos.

5. Project Sponsor's Name and Address:

Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

6. General Plan Designation: Residential, Open Space, Industrial and

Commercial

7. Zoning: Residential, Open Space, Industrial and Commercial

8. Description of Project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheet(s) if necessary.)

Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the proposed update of the City of Seal Beach's sphere of influence. The proposed sphere of influence boundary for the City of Seal Beach is coterminous with the existing City boundary. The negative declaration confirms the findings of the associated initial study that the proposed project (the City of Seal Beach sphere of influence update) will not have a significant effect on the environment.

In accordance with Government Code Section 56425 and the LAFCO Sphere of Influence Policy, LAFCO is required to review an agency's sphere of influence every five years in conjunction with conducting municipal service reviews. LAFCO is required to establish a sphere of influence to identify probable future boundaries and service areas of all cities and special districts. A sphere of influence has a time horizon of 15 to 20 years.

LAFCO is recommending that the City of Seal Beach sphere of influence be reaffirmed as conterminous with the City's existing jurisdictional boundary.

9. Surrounding Land Uses and Setting:

The City of Seal Beach, and the surrounding communities of Los Alamitos, Westminster, Huntington Beach, Rossmoor and Sunset Beach, are largely built-out. There are two federal defense facilities

located in the area – the United States Naval Weapons Station located in Seal Beach and the Joint Forces Training Center in the City of Los Alamitos. The Naval Weapons Station is 5,256 acres in size and is nearly twice the size of the remaining portion of Seal Beach. The City of Seal Beach and surrounding areas are largely urbanized and offer only limited growth potential, unless one or both of the federal defense facilities are closed in the future. Neither facility is currently listed for realignment or closure by the Federal Base Realignment and Closure Commission (BRAC).

10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement):

None

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

~	Aesthetics	~	Agriculture Resources	~	Air Quality
~	Biological Resources	~	Cultural Resources	~	Geology / Soils
~	Hazards & Hazardous Materials	~	Hydrology / Water Quality	~	Land Use / Planning
~	Mineral Resources	~	Noise	~	Population / Housing
~	Public Services	~	Recreation	~	Transportation / Traffic
~	Utilities / Service Systems	~	Mandatory Findings of Significance		

DETERMINATION (To be completed by the Lead Agency):

On the basis of this initial evaluation:

- ✓ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ~ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- ~ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE

DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

	<u>February 6, 2005</u>
Signature	Date
Joyce Crosthwaite, Executive Officer	Orange County LAFCO
Printed Name	For

EVALUATION OF ENVIRONMENTAL IMPACTS:

The following is the environmental checklist form presented in Appendix G of the CEQA Guidelines. The checklist form is used to describe the potential environmental impacts of the proposed project with respect to 17 factors prescribed for consideration. For this checklist, the following four designations are used:

- Potentially Significant Impact: An impact that could be significant, and for which no mitigation has been identified. If any potentially significant impacts are identified, an EIR must be prepared.
- Potentially Significant Unless Mitigation Incorporated: An impact that requires mitigation to reduce the impact to a less-than-significant level.
- Less-Than-Significant Impact: Any impact that would not be considered significant under CEQA relative to existing standards.
- No Impact: The project would not have any impact.

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
I. AESTHETICS. Would the project:				
a) Have a substantial adverse effect on a scenic vista?	~	~	~	✓
b) Substantially damage scenic resources, including, but not limited to, tress, rock outcroppings, and historic buildings within a state scenic highway?	~	~	~	✓
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	~	~	~	✓
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	~	~	~	✓

Discussion: The project will not result in any significant direct or cumulative impacts on the aesthetics of the project area. This includes not adversely affecting scenic vistas, damaging scenic resources, degrading visual character, or creating new sources of light.

II. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

ATTACHMENT 1

Less Than
Significant

Issues:

	Potentially Significant Impact	Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	~	~	~	√
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	~	~	~	✓
c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	~	~	~	✓
Discussion: The proposed project will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.				
III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	~	~	~	✓
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	~	~	~	✓
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	~	~	~	✓
d) Expose sensitive receptors to substantial pollutant concentrations?	~	~	~	✓

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Potentially		Less Than	
Significant	Mitigation	Significant	No Impact
Impact	Incorporated	Impact	

d) Create objectionable odors affecting a substantial number of people?

Discussion: The project will not result in any significant direct or cumulative impacts on the air quality within the project area. This includes not violating air quality standards or creating objectionable odors.

IV. BIOLOGICAL RESOURCES. Would the project:

- a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?
- d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?
- e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
e) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	~	~	~	✓
Discussion: The proposed project will not cause any specific new developments to be built. The project will not result in any significant direct or cumulative impacts on the biological resources of the project area and this includes adversely affecting endangered, threatened, or rare species and their habitat.				
V. CULTURAL RESOURCES. Would the project:				
 a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5? 	~	~	~	✓
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?	~	~	~	✓
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	~	~	~	✓
d) Disturb any human remains, including those interred outside of formal cemeteries?	~	~	~	✓
Discussion: The project will not result in any significant direct or cumulative impacts on the cultural resources of the project area.				
VI. GEOLOGY AND SOILS Would the project:				
 a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving: 	~	~	~	✓

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i) Rupture of a known earthquake fault, as
delineated on the most recent Alquist-Priolo
Earthquake Fault Zoning Map issued by the
State Geologist for the area or based on other
substantial evidence of a known fault? Refer to
Division of Mines and Geology Special
Publication 42.

- ii) Strong seismic ground shaking?
- iii) Seismic-related ground failure, including liquefaction?
- iv) Landslides?
- b) Result in substantial soil erosion or the loss of topsoil?
- c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse?
- d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?
- e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

Discussion: The sphere of influence update will not result in any significant direct or cumulative impacts on the geology or soils of the project area, including contributing to soil erosion or exposing individuals or structures to loss, such as injury or death, resulting from earthquakes or landslides

VII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

~	~	~	✓

ATTACHMENT 1 Less Than **Issues:** Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school? d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment? e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? Discussion: Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area. VIII. HYDROLOGY AND WATER QUALITY. Would the project:

discharge requirements?

a) Violate any water quality standards or waste

Less Than Significant

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		Potentially Significant Impact	With Mitigation Incorporated	Less Than Significant Impact	No Impact
b)	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	~	~	√	~
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	~	~	~	✓
d)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off- site?	~	~	~	✓
e)	Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?	~	~	~	✓
f)	Otherwise substantially degrade water quality?	~	~	~	✓
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	~	~	~	✓
h)	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	~	~	~	✓
i)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	~	~	~	✓

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Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
j) Inundation by seiche, tsunami, or mudflow?	~	~	~	✓
Discussion: Adoption of an updated sphere of influence for the City of Seal Beach will not result in a depletion of groundwater supplies, alteration of existing drainage patterns, creation of runoff water, and exposure of people to a significant risk of flooding nor will it result in a net deficit in aquifer volume.				
IX. LAND USE AND PLANNING. Would the project:				
a) Physically divide an established community?	~	~	~	✓
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	~	~	~	✓
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	~	~	~	✓
Discussion: The proposed sphere update would reaffirm the City's existing sphere of influence which is coterminous with the City's boundary. Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to land use planning within the project area.				
X.MINERAL RESOURCES. Would the project:				

a) Result in the loss of availability of a known mineral resource that would be of value to the region and

the residents of the state?

Issues:		Less Than Significant		
	Potentially	With	Less Than	
	Significant	Mitigation	Significant	No Impact
	Impact	Incorporated	Impact	

b) Result in the loss of availability of a locallyimportant mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

Discussion:. The project will not result in any significant direct or cumulative impacts on the mineral resources of the project area. This includes not incurring the loss of known valuable mineral resources.

XI. NOISE. Would the project result in:

- a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?
- b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?
- c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?
- d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

~	~	~	\checkmark

~	~	~	✓

,	~	~	~	✓

~	~	~	\checkmark

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
For a project within the vicinity of a private	~	~	~	✓

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

Discussion: The project will not result in any significant direct or cumulative impacts on noise levels within the project area. This includes not exposing individuals to excess groundborne vibrations or substantially increasing ambient noises, whether temporary, periodical, or permanent.

XII. POPULATION AND HOUSING. Would the project:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?
- b) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

Discussion: The proposed sphere of influence update reaffirms the City's existing sphere of influence. The City of Seal Beach is largely built-out. Adoption of an updated sphere of influence, which is conterminous with the City's existing jurisdictional boundary, will not result in direct and substantial population growth. XIII. PUBLIC SERVICES. Would the project:

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire protection?

		1	ATTACHMEN	JT 1
Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impac
Police protection?	~	~	~	✓
Schools?	~	~	~	✓
Parks?	~	~	~	✓
Other public facilities?	~	~	~	✓
Discussion: The proposed sphere of influence update reaffirms the City's existing sphere of influence. The proposed sphere of influence update will have no impact on the ability of the City of Seal Beach to provide public services and facilities for its existing residents. XIV. RECREATION. Would the project:				
a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	~	~	~	✓
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which have an adverse physical effect on the environment?	~	~	~	✓
Discussion: The project will not result in any significant direct or cumulative impacts on recreational services within the project area including increasing the use of existing neighborhood and regional parks.				
XV. TRANSPORTATION / TRAFFIC. Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	~	~	~	√

b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?

ATTACHMENT 1 Less Than **Issues:** Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? e) Result in inadequate emergency access? f) Result in inadequate parking capacity? g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)? Discussion: The project will not result in any significant direct or cumulative impacts relating to transportation or circulation within the project area. This includes not causing an increase in street or air traffic patterns, creating inadequate emergency access or parking capacity, or conflicting with adopted transportation policies. XVI. UTILITIES AND SERVICE SYSTEMS. Would the project: a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded

entitlements needed?

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- e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?
- f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?
- g) Comply with federal, state, and local statutes and regulations related to solid waste?

Discussion: Water and sewer service is provided to Seal Beach residents through the City of Seal Beach Public Works Department. The proposed sphere of influence update, which reaffirms the City's existing sphere of influence, will have no impact on the ability of the City of Seal Beach to serve existing customers.

XVII. MANDATORY FINDINGS OF SIGNIFICANCE

- a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat or a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?
- b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current project, and the effects of probable future projects.)

~	~	~	✓

Issues:

Less Than
Significant
Potentially With Less Than
Significant Mitigation Significant No Impact
Impact Incorporated Impact

c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

Discussion: The project would not result in any significant direct or cumulative impacts relating to mandatory findings of significance within the project area. This includes not degrading the quality of the environment or causing substantial adverse effects on individuals, whether directly or indirectly.

Statement of Determinations City of Seal Beach Sphere of Influence

Present and Planned Land Uses for the Area

The City of Seal Beach includes a mix of land uses. Approximately 37 percent of the City is dedicated to residential use. Commercial and industrial uses comprise about 6 percent and 5 percent of the City, respectively. The remaining land is primarily devoted to open space, military, school and park uses. The City is fully developed; no significant changes to existing land uses are anticipated.

<u>Present and Probable Need for Public Facilities and Services</u>

The City of Seal Beach is built-out. The current population is 27,210. The City's population is projected to grow to 29,244 by year 2020. Because of limited growth opportunities citywide, the extension of City infrastructure and services is expected to be minimal. Two federal defense faculties are located in the immediate area – the United States Naval Weapons Station in Seal Beach and the Joint Forces Training Center in Los Alamitos. These facilities are not currently located on a federal base closure list and no need for additional city services is anticipated at this time.

<u>Present Capacity of Public Facilities and Adequacy of Public Services</u> In the March 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social or Economic Communities of Interest

The unincorporated community of Rossmoor is bordered by both the City of Los Alamitos and the City of Seal Beach. While the City of Los Alamitos borders Rossmoor on the north, east and west, Rossmoor is largely separated from the majority of Seal Beach by the San Diego (405) freeway. However, three shopping centers and some residential uses, near the intersection of Rossmoor Center Drive and Seal Beach Boulevard, are located within the City of Seal Beach and are immediately adjacent to the southeast portion of Rossmoor. Rossmoor has traditionally maintained a separate identity from its surrounding cities. Rossmoor's perimeter "signature" wall and the formation of a Community Services District to provide local services to Rossmoor residents reflect Rossmoor's independence.

The unincorporated community of Sunset Beach borders the City of Seal Beach to south. Sunset Beach is immediately adjacent to the private, gated community of Seal Beach's Surfside Colony. Both Sunset Beach and Surfside Colony receive sewer service through the Sunset Beach Sanitary District, respectively. Sunset Beach residents strongly support maintaining a separate identity for the community of Sunset Beach.

SOI 05-32

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING A SPHERE OF INFLUENCE FOR THE CITY OF SEAL BEACH

March 8, 2006

On motion of Commissioner ______, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt Spheres of Influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the Sphere of Influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a Sphere of Influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence the Commission shall conduct Municipal Service Reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, April 13, 2005, after public hearings, Orange County LAFCO adopted Resolution MSR 03-28 approving the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach Municipal Service Review and adopting the written determinations contained therein; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set September 14, 2005 as the hearing date on this Sphere of Influence review proposal and gave the required notice of public hearing; and

Resolution SOI 05-32 Page 1 of 4

WHEREAS, on September 14, 2005, Orange County LAFCO continued consideration of the City of Seal Beach Sphere of Influence for a period of six months to allow for completion of the City of Huntington Beach Municipal Service Review; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set March 8, 2006 as the hearing date for this sphere of influence review and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of the designation of a sphere of influence for the City of Seal Beach; and

WHEREAS, this Commission called for and held a public hearing on the proposal on March 8, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, LAFCO, as the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews, completed an initial study and determined that adoption of the sphere of influence for the City of Seal Beach would not have a significant effect on the environment as defined in CEQA.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Action:

a) LAFCO, as the lead agency, has determined that adoption of the sphere of influence for the City of Seal Beach would not have a significant effect on

Resolution SOI 05-32 Page 2 of 4

- the environment as defined in CEQA. The Commission has therefore adopted a Negative Declaration for the sphere of influence review.
- b) The Executive Officer is instructed to file the Negative Declaration with the County Clerk in accordance with CEQA.

Section 2. Determinations

- The Commission has adopted a coterminous sphere of influence for the City of Seal Beach.
- b) The Commission has adopted the accompanying Statement of Determinations, shown as "Exhibit A."
- c) The Commission has reaffirmed the City of Seal Beach's previous sphere of influence as shown on the attached map labeled "Exhibit B."
- d) The Commission has determined that the City of Seal Beach has sufficient resources and facilities to provide service within its current sphere area.
- Section 3. This sphere review is assigned the following distinctive short-form designation: "Sphere of Influence Study for the City of Seal Beach" (SOI 05-32).
- Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:
NOES:
STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, BOB BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 8th day of March, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March, 2006.

Resolution SOI 05-32 Page 3 of 4

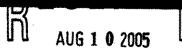
BOB BOUER	
Chair of the Orange County	
Local Agency Formation Commission	
By:	
Bob Bouer	

Resolution SOI 05-32 Page 4 of 4

City of Seal Beach



August 5, 2005



LOCAL AGENCY FORMATION COMMISSION

Orange County Local Agency Formation Commission Attn: Joyce Crosthwaite, Executive Officer 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

Dear Ms. Crosthwaite:

SUBJECT:	SPHERE OF INFLUENCE (SOI) UPDATES FOR
	CITY OF SEAL BEACH (SOI 05-32)
	□ SURFSIDE COLONY COMMUNITY
	SERVICES TAX DISTRICT (SOI 05-36)
	U SURFSIDE COLONY STORM WATER
	PROTECTION TAX DISTRICT (SOI 05-37)
	CITY OF LOS ALAMITOS (SOI 05-31)
	ROSSMOOR COMMUNITY SERVICES DISTRICT (SOI 05-33)
	SUNSET BEACH SANITARY DISTRICT (SOI 05-5)

Our staff has reviewed the Sphere of Influence Updates as referenced above, and is in concurrence with the indicated (existing) spheres as set forth in your letters of July 27, 2005 for each of the indicated updates. This position is based on the recent Municipal Service Review process that all of the impacted agencies participated in with LAFCO in the early part of 2005.

We have a comment that the Surfside Colony Community Services Tax District (SOI 05-36) and Surfside Colony Storm Water Protection Tax District (SOI 05-37) maps do not appear to include the Surfside Colony area up to Anderson Street, and that these maps should be revised to indicate the southeasterly boundary is Anderson Street.

Please contact my office at your earliest convenience if you require additional information or have questions regarding the enclosed documents. I can be reached at (562) 431-2527, extension 300, or by e-mail at jbahorski@ci.seal-beach.ca.us.

City of Seal Beach Comment Letter to Orange County Local Agency Formation Commission re: 2005 SOI Updates August 5, 2005

OV 11

ohn B. Bahorski City Manager

Distribution:

Seal Beach City Council

Seal Beach Director of Development Services

Surfside Colony Attn: Judith Norton

City of Los Alamitos

Attn: Lee Evett, City Manager

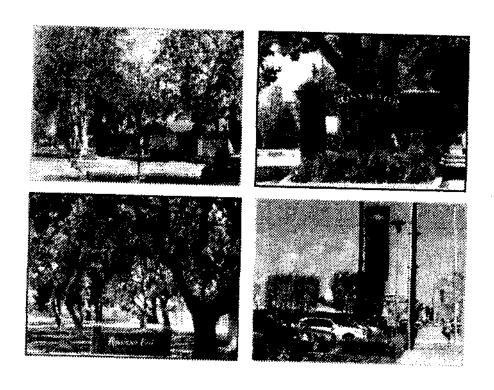
Rossmoor Community Services District

Attn: Jami Doyle

Attachment 4 -

Rossmoor Planning Committee Governance Options Report

PRELIMINARY REPORT ROSSMOOR FUTURE GOVERNANCE OPTIONS



June 8, 2006

Prepared by Rossmoor Planning Committee





ROSSMOOR PLANNING COMMITTEE

c/o Rossmoor Homeowners Association P.O. Box 5058 Rossmoor, CA 90720 562.799.1401 www.rossmoor-rha.org EricLChis@aol.com

Executive Committee

Erwin Anisman Warren Asmus Eric Christensen Tom Fitzgerald Russ Lightcap Mark Nitikman

Rossmoor Expanded Services & Incorporation Subcommittee

Erwin Anisman, Chair , Tony DeMarco Randall Ely Brenda Gorman Joel Rattner Gary Stewart

Consolidation Studies Subcommittee

Mark Nitikman, Chair Jim Bonham Greg Breuer Ralph Vartabedian

Annexation Studies Subcommittee

Tom Fitzgerald, Co-Chair
Russ Lightcap, Co-Chair
Don Broun
Mike Bullock
Glen Cook
Randy Goddard
Bill Haglund
George Watts
Mike Sanders

With appreciation to Orange County, the Rossmoor Community Services District and the Rossmoor Homeowners Association for funding this study.

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CHAPTER 1: INTRODUCTION

STUDY PURPOSE

This preliminary report is intended to inform the Rossmoor community as it considers the desirability of governance options. The Rossmoor Planning Committee (RPC) has initiated studies of various alternatives for the future governance of Rossmoor. Governance changes for Rossmoor are being considered for three principal reasons:

- 1. Rossmoor is an unincorporated area under the jurisdiction of the County of Orange. The County has expressed a desire to get out of the business of municipal government in unincorporated areas to concentrate on "core" countywide services, such things as the courts, social services, regional parks, health and welfare. The County has made it clear that it will not be able in the future to continue to provide unincorporated islands the same level of municipal services it has in the past. The County's desire to divest itself of unincorporated islands necessitates study of possible options for future governance of Rossmoor.
- 2. Orange County Local Agency Formation Commission (LAFCO) completed a Municipal Services Review (MSR) for Rossmoor, Los Alamitos, Seal Beach and Sunset Beach in March 2005. As part of that process, OC LAFCO is required by State law to update the Spheres of Influence for each city and district studied. OC LAFCO staff has proposed that Rossmoor should be included in the Sphere of Influence of a neighboring city (likely Los Alamitos). OC LAFCO has agreed to delay its determination of a Sphere of Influence affecting Rossmoor until July 2006.
- 3. The level of services that Rossmoor currently receives is unsatisfactory and below the level received by our neighbors. With respect to municipal services, Rossmoor receives services from the County that are poorer than services received by our neighbors in adjacent cities, including law enforcement, traffic enforcement, building permitting and code enforcement. For instance, the response time for priority one (emergency) law enforcement calls in Rossmoor was 11.3 minutes versus 4.2 minutes for Seal Beach and 3.2 minutes for Los Alamitos, according to a LAFCO study. If the County further reduces the level of municipal services, which it says it expects it will have to do, we will not even be able to maintain the quality of community services we currently enjoy.

We feel strongly that for something as important as our future form of governance, we should control our future and not some outside entity with no ties to our community. And, we feel it is critical to base our decisions on real facts so that all alternatives are carefully considered and so that we have sufficient information to make an informed choice. We have been informed that LAFCO does not have the resources or time to conduct the detailed studies we have initiated.

Caveats

It is important to highlight that this report is preliminary. RPC welcomes comments and additional data from the community, LAFCO and the affected agencies (the County, Los Alamitos,

Orange County LAFCO, Municipal Service Review Report: Los Alamitos/Seal Beach/Rossmoor/Sunset Beach, March 9, 2005. Scott P. Bryant & Associates, Police Services Comparison Survey: Report to the Orange County Local Algency Formation Commission, November 2004. Note that the Sheriff disputes the study's accuracy on the Rossmoor response time and contends that the actual response time is about 8.5 minutes. The Sheriff's estimated response time is twice the response time for Scal Beach and nearly three times Los Alamitos' response time.

Seal Beach and the Rossmoor Community Services District). Any governance option pursued by Rossmoor or affected agencies would require more comprehensive analysis, approval by LAFCO and approval by the Rossmoor community.

GOVERNANCE OPTIONS

The following governance options are being considered:

- Expanded powers for the existing Rossmoor Community Services District ("RCSD")
- Incorporation of Rossmoor as a separate city
- Annexation to Los Alamitos
- Annexation to Seal Beach
- Formation of a consolidated city encompassing Los Alamitos, Rossmoor and Seal Beach.²

STUDY CREDITS

The RPC Executive Committee members—Erwin Anisman, Warren Asmus, Eric Christensen, Tom Fitzgerald, Russ Lightcap, and Mark Nitikman—oversaw the study and prepared the introductory and baseline chapters.

The RPC Expanded Services & Incorporation Subcommittee members— Erwin Anisman, Tony DeMarco, Randall Ely, Brenda Gorman, Joel Rattner, and Gary Stewart—prepared the chapters on incorporation and expansion of RCSD powers.

The Annexation Subcommittee members—Tom Fitzgerald, Russ Lightcap, Don Broun, Mike Bullock, Glen Cook, Randy Goddard, Bill Haglund, George Watts, and Mike Sanders—prepared the chapters on annexation to Los Alamitos and Seal Beach.

The Consolidation Studies Subcommittee members—Mark Nitikman, Jim Bonham, Greg Breuer, and Ralph Vartabedian—assessed the consolidation option and considered cost and performance issues relating to city size.

LAFCO OVERVIEW

Each county in the state has a Local Agency Formation Commission (LAFCO), an independent regulatory commission whose state-mandated purpose is to promote orderly growth and development, discourage urban sprawl, and encourage efficient service areas for local governments. LAFCO has the responsibility for facilitating constructive changes in governmental structure and boundaries, including annexation, incorporation, consolidation, and establishment of Spheres of Influence for incorporated cities and districts. For an unincorporated area of Rossmoor's size, LAFCO cannot, on its own, initiate annexation, incorporation or consolidation under current law.

A Sphere of Influence designates the recommended future physical boundary and service area for an incorporated city or special district for the optimal delivery of municipal and governance services, basically defining territory that may be annexed sometime in the future. LAFCO has described the Sphere of Influence as a "planning tool." Rossmoor is currently not within the sphere

The RPC report on consolidation is being delivered separately from the current report.

of influence for any other government jurisdiction, although LAFCO staff recommends changing that.

LAFCO says it is only encouraging Rossmoor (and other unincorporated islands) to start considering how to provide for future services, acknowledging that the County may begin to curtail municipal services to unincorporated areas.

CHAPTER 2: ROSSMOOR BASELINE

In order for Rossmoor residents to understand the advantages and disadvantages of various future governance options, it is appropriate to have an accurate baseline describing the current governance and municipal services situation in Rossmoor today.

GOVERNANCE

ROSSMOOR COMMUNITY SERVICES DISTRICT

The Rossmoor Community Services District (RCSD) is a special district established in 1987 to provide specific municipal services authorized by the voters. The RCSD currently provides street lighting, street sweeping, median landscaping (Rossmoor Way), aesthetic tree trimming, parks and recreational services, and maintenance of the Rossmoor signature wall. The RCSD is governed by a board of 5 Directors elected for staggered 4 year terms and hires a General Manager and small staff to administer its services and policies. The RPC is currently exploring an option to add law enforcement services to the RCSD and to contract with the Sheriff for these services.

ORANGE COUNTY

Orange County provides all other municipal services not provided by the RCSD or the Rossmoor-Los Alamitos Sewer District. It is governed by the Board of Supervisors composed of five Supervisors, elected by District. Rossmoor is represented by Jim Silva, Supervisor of the Second District. The disadvantage to this system, from Rossmoor's perspective, is that we only have at best 20% representation on the Board of Supervisors, our primary governmental agency, and a distant bureaucratic organization for service and resolution of issues. Further, Rossmoor's voice in County government will be potentially adversely impacted after November 2006 when the term of our current Supervisor, Jim Silva, expires.

LAW & TRAFFIC ENFORCEMENT

LAW ENFORCEMENT SERVICES

In Rossmoor, law enforcement services are provided by the Orange County Sheriff and funded by Orange County. Rossmoor currently has one patrol coverage, 7x24, shared with Sunset Beach (the patrol officer is either in Rossmoor, in Sunset Beach or between the communities). As a result, our law enforcement response time has suffered. The Municipal Service Review, dated March 2005, reported our priority one response time was 11.3 minutes on average (compared to 3.2 and 4.2 minutes for Los Alamitos and Seal Beach, respectively). The Sheriff has reported that this response time has been reduced to 8.5 minutes for the last 6 months of 2005. In addition, it has been difficult to get information from the Sheriff or provide direction for his services (since he contractually reports to Orange County and not directly to our community).

TRAFFIC ENFORCEMENT SERVICES

In Rossmoor, the primary responsible agency for traffic and parking enforcement and traffic accident investigation is the California Highway Patrol (CHP). The CHP has been significantly resource-limited during the past several years and Rossmoor has received limited patrols and significantly poorer traffic enforcement services than provided in our neighboring communities. In January 2006, the Board of Supervisors authorized the OC Sheriff to supplement the CHP in

providing traffic enforcement services to unincorporated communities. Although this has already helped improve the situation some in Rossmoor, the Orange County Sheriff is not authorized to add personnel and is only supplementing the CHP services.

RCSD SERVICES

The RCSD is responsible for providing the following services:

Street Lighting: No known issues.

Street Sweeping: Provided every other week. Only issue is lack of enforcement of "no parking" regulations on street sweeping days (actually a law enforcement issue).

Median Landscaping (Rossmoor Way): No known issues.

Aesthetic Tree Trimming: Rossmoor's trees are a significant community asset. The RCSD's responsibility is planting new or replacement trees and aesthetic tree trimming. The RCSD identifies diseased, dead or problem trees. The removal of these trees is currently the County's responsibility.

Parks and Recreation Services: The RCSD administers 5 "parks" (including 2 mini-parks and the landscaped triangle on Seal Beach Blvd.) plus the Montecito Center. In addition, it provides for the maintenance and rental of several District buildings. The total parks and recreation budget for FY 2002-3 was \$154,000, or \$14.59 per capita. In comparison, Los Alamitos administered eight parks and open space (14 acres) with a parks and recreation budget for FY 2003-4 of \$1,182,900, or about \$107 per capita (seven times the RCSD amount).

Rossmoor Signature Wall Maintenance: No known issues.

COUNTY MUNICIPAL SERVICES

The County provides the following municipal services (which could be transferred to Rossmoor upon incorporation or to an annexing city if Rossmoor were annexed—these are the services that the County would like to cease providing to unincorporated areas):

Law Enforcement Services: See discussion point above.

Public Works (Street, Parkway and Sidewalk Maintenance): It should be noted that all Rossmoor streets are residential and that, in general, there are no "through" streets in Rossmoor. The Rossmoor elementary schools however do bring in non-Rossmoor vehicles. Due to the non-commercial use of the streets, street maintenance requirements are lower than normal and, in general, Rossmoor streets are in good condition. With respect to parkways and sidewalks, Rossmoor may experience slightly higher than average maintenance due to damage caused by parkway trees. Essentially all of Rossmoor's sidewalks/curbs have been retrofitted for wheelchair access.

Zoning and Building Inspection: Rossmoor has very little control over or input to land use decisions which are made in Santa Ana. Building inspectors are County-based and, therefore, there are distance, familiarity and bureaucracy issues.

Permitting: There is a slow response to telephone calls and e-mails. Enforcement officers are located in Laguna Hills and charges include travel time. Since they are typically out of the office, the time available for contacting them is very limited.

<u>Code Enforcement</u>: In recent years, we have seen significant cuts in County enforcement services. This was originally due to significant cuts in County code enforcement officers in this area. Code enforcement officers based in Santa Ana have only limited familiarity with Rossmoor and have other areas of responsibility.

Animal Control: Animal control services are provided by Orange County Health Care Agency, Animal Control Services located in South Orange, with shelters in Buena Park, La Habra and Santa Ana. Only known issue is the locations of the animal control facilities and shelters are not convenient.

Fire: Orange County Fire Authority (OCFA) serves Rossmoor. There are no known service issues. However, we have been advised of a potential issue relating to building permits. We have been told that the Fire Department, in approving permits for expansions in Rossmoor, has required sprinkler installations for home expansions in excess of 3,500 sf (as opposed to 5,000 sf in the rest of the County), unless the resident has a test done of the nearest fire hydrants to confirm sufficient pressure.

<u>Library Services</u>: No known issues. Our only library is shared with Los Alamitos and is on Seal Beach property.

COUNTY REGIONAL SERVICES

The County provides the following services to all County residents, whether or not in a city. These services would be maintained by the County whatever future form of government that Rossmoor selected. There are no known issues with County Regional Services.

- a. <u>Vector Control</u>
- b. Health and Human Services.
- c. Coroner/Judicial Services.
- d. Other.

SEWER SERVICES

The Rossmoor-Los Alamitos Sewer District serves 24,800 people in Rossmoor, Los Alamitos, and parts of Long Beach, Seal Beach and Cypress. It has the lowest per capita cost of any of the three sewer agencies in the MSR study area. It is financially in good condition with FY 2002-3 revenues of \$326,892, expenses of \$302,139 and a reserve of \$1,892,000. There are no known significant service or infrastructure issues.

UTILITY SERVICES

Current utility providers in Rossmoor are the following:

- a. Water: Golden State Water Company.
- b. Gas: Southern California Gas Company.
- c. Electric: Southern California Edison.
- d. Cable: Time Warner.
- e. Trash Collection: Trash is collected weekly by CR&R pursuant to a County contract.

EDUCATIONAL SERVICES

The Los Alamitos Unified School District (LAUSD) provides first class elementary, middle and high school education to the residents of Rossmoor, Los Alamitos and Seal Beach. Historically, the LAUSD has been viewed as a significant community asset and major reason for new residents to move to Rossmoor. Currently, however, there are severe funding problems that could impact the continued high level of service in the future.

CHAPTER 3: EXPANDING RCSD SERVICES

SUMMARY

A sub-committee of the Rossmoor Planning Committee (RPC) studied the issues related to the Rossmoor Community Services District assuming additional municipal services for Rossmoor that are currently provided by the County of Orange. Recent state legislation is supportive of strengthening Community Service Districts. This governance option could be an alternative to annexation of Rossmoor by an adjacent city or city incorporation. The criteria to consider in acquiring services are need and affordability. Law enforcement is one service that fits the criteria and in fact is currently being pursued by the RPC. There would be some RCSD start up costs and staff time involved if this transfer is approved. Another candidate service for acquisition is animal control but this needs further study. Trash removal for Rossmoor is contracted and administered by the county and could be taken over by the RCSD if deemed advantageous. Public works by the county is at a satisfactory level so there would seem no need to change that at this time. Desirable services to have locally would be building and code enforcement, but these are not available to Community Services Districts because they involve zoning powers, which only the county or a city can have.

This study included financial and governance aspects for expansion, advantages and disadvantages for expansion, and the procedure for applying to LAFCO for a new service.

INTRODUCTION

This report is part of the Rossmoor Planning Committee's initiative to explore governance options for the unincorporated community of Rossmoor. It was authored by the Special Studies Subcommittee of the RPC consisting of interested Rossmoor residents and with the assistance of consultants retained by the RPC. The purpose of the report is to provide information to the residents of Rossmoor and others about expanding the services of the RCSD. It is not intended to be an advocate for or against this option.

The motivation for the RPC studies is that the county has expressed that it desires to divest from delivering municipal services to the unincorporated county areas and concentrate on their regional services that they provide to the whole county such as social welfare, health, courts, jails, harbors, etc. They are being squeezed financially and see providing municipal services as a burden they can not sustain.

The county municipal services provided to Rossmoor are in many cases not at levels that are satisfactory and less than what neighboring cities provide to their citizens. Also, LAFCO is on the verge of making a determination about the Sphere of Influence (SOI) for cities adjacent to Rossmoor and it is no secret that LAFCO staff has recommended placing Rossmoor in the SOI of Los Alamitos. If that occurs, it will preclude any other option Rossmoor may want to pursue for perhaps as long as 5 years until the next MSR. It will be up to the residents to decide what direction, if any, to take.

A newly- revised Community Services District (CSD) Law (SB 135) went into effect on January 1, 2006. It strengthens CSDs' governance. It allows CSD's to provide some 31 services and states

that a CSD can be "A permanent form of governance that can provide locally adequate levels of public facilities and services." Also, it can be "A transitional form of governance as the city approaches cityhood." The legislation provides potential financing sources for its services such as special taxes, benefit assessments, rates for utility service, etc.

DISCUSSION

Chapter 2 details the municipal and regional services currently provided to Rossmoor by the county and the RCSD. The challenge when considering expanding RCSD services by transferring them from the county is determining which services make sense to assume. The factors that should go into that decision are:

- Is a particular county service deficient?
- Is there the will to acquire that service?
- Can the RCSD do it better?
- Is the funding available for the RCSD to administer it?

These factors were applied by the RPC in considering Rossmoor's law enforcement service. It is a vital service and it was determined that the level of service with the current county arrangement is less than satisfactory. There were leaders in the community who were willing to work to see if the contracting for the Sheriff's service could be transferred to the RCSD. By having the county transfer the approximately \$1.1 million of the Sheriff's budget allocated for Rossmoor to the RCSD and have the RCSD contract with the Sheriff, Rossmoor could have the services that would work best for the needs of the community. In fact, this effort is already underway by the RPC working with the County and the Sheriff and the prospects for this happening seem to be very good.

It would seem prudent when considering which services to acquire, to do so on a case-by-case basis and not try to swallow too much. This incremental approach would allow adjustments to staff and resources as needed and to evaluate the efficiency in delivering additional services.

Another service that may be a candidate for acquisition is Animal Control. This is a relatively low-cost service performed by the county. But because of the distance to the county facility, it may be beneficial to contract for that service with the Long Beach or the Seal Beach facility which are very close to Rossmoor. The public works (roads, curbs, gutters, sidewalks) services performed by the county are currently at a satisfactory level. There would not seem to be an urgency to take over that function in the near term. The building, planning and code enforcement services, while perhaps desirable, can not be assumed by a CSD because they involve zoning powers which only the county or a city has. However, there are some options with respect to planning and code. Rossmoor could apply for an "overlay" to the County code and also can form an area planning commission (APC) if these are approved by the County.

ANALYSIS

Table 3-1 shows the current costs for municipal services that Orange County and the RCSD provide to Rossmoor. The county cost figures shown are the best available, but the true costs for those services by the county have been difficult to obtain because the county does not separate costs for each unincorporated community. As a result the costs are calculated on a per capita basis which may not reflect their true costs if the RCSD were to administer that service. The exception to that is the Sheriff's law enforcement cost which was obtained by LAFCO for the MSR report and obtained

from the Sheriff Department. If the RCSD acquires the \$1.1M from the County to directly contract with the Sheriff, it would need to set aside about \$200,000 of its reserves into a restricted contingency fund.

TABLE 3-1 COSTS OF SERVICES			
SERVICE	PROVIDER	COST	NOTE
Sheriff	County	\$1.14 M	RCSD could contract for same amount
Parks, Trees, Recreation, Facilities, Street Sweeping	RCSD	\$0.66 M	Budget for RCSD
Public Works	County	\$0.24 M	Level of service by County currently satisfactory
Animal Control	County	\$0.06 M	RCSD could contract for same amount.
Building & Planning	County	\$0.27 M	CSDs cannot acquire this service.
Code Enforcement	County	\$0.02 M	CSDs cannot acquire this service.
Trash Removal	County	\$0.001 M	Contract could be acquired by RCSD.

The Trash Removal cost shown in Table 3-1 is the cost for administering the contract with the service provider. Rossmoor residents pay \$16.61 per month for the service.

As shown by its latest audit, the RCSD is in good financial shape. It has managed to meet its budget because revenues, generated mostly by property taxes, have increased along with its expenditures which are closely monitored. The District has built up a healthy reserve of about one million dollars. Any new service to be assumed by the RCSD from the county should have the county cost for that service transferred to the RCSD. Otherwise, another funding source would need to be found.

Advantages of an Expanded RCSD

- Services can be tailored to the needs of the community.
- Contracted services would be directly responsible to the RCSD, not the county.
- Costs can be directly linked to a particular service.
- Special Districts are more responsive to their constituents.
- It could take over new services one at a time and accommodate to the administration of the service rather than taking on many services as would happen with incorporation. It could start out slowly with low administrative cost services such as contracting for refuse removal and animal control.
- It may not necessitate any new taxes or fees.
- By contracting out for new services, additional RCSD employees may not be necessary.

Disadvantages of an Expanded RCSD

- It takes on more responsibilities and liabilities.
- It could require a larger staff.

- The permanence of a service district is less secure, as State and LAFCO mandates could change in the future. Rossmoor may have to revisit the governance issue all over again.
- There is always the chance that funds may be raided by the state.
- There is no guarantee that the RCSD can deliver a service less expensively than the county.
- It could hinder the regional planning of services.

WHAT AN EXPANDED RCSD WOULD LOOK LIKE

Depending on what services the District assumes, its administrative office could remain as is or it may have to expand. It could add space to the existing building at Rush Park or it could install a modular building. Staff may have to be expanded as new services are added. Acquiring the funds and the approval to contract with the Sheriff for law enforcement services will require a certain amount of administration by staff. It will require the outfitting of an office so that deputies can have phones and computers to file their reports. The General Manager will need to interface with the Chief and the RPC advisory committee. Some periodic administration of the contract will be required. The extent of his time for these tasks will be determined as it is experienced.

PROCESS FOR ACQUIRING LATENT POWERS

Once a desire for a new service is determined, the process for acquiring new services is spelled out by LAFCO. There are basically two steps involved. The first step is for the RCSD Board to propose and hold public hearings for a resolution applying for the service. If adopted, they file a certified copy of the resolution with LAFCO accompanied with a plan and financial information. The LAFCO Commission will then hold a public hearing and consider approval of the resolution. To add services currently provided by another agency to CSD powers requests consent from the affected agency. The affected services would include police protection, public works and animal control. If LAFCO approves the application, it then goes into effect.

APPLICATION PROCESS IN DETAIL

This section details the application process through excerpts from the California Government Code.

Initiated by affected CSD

56824.10. Commission proceedings for the exercise of new or different functions or classes of services by special districts may be initiated by a resolution of application in accordance with this article.

Resolution of application

- 56654. (a) A proposal for a change of organization or a reorganization may be made by the adoption of a resolution of application by the legislative body of an affected local agency.
- (b) At least 20 days before the adoption of the resolution, the legislative body may give mailed notice of its intention to adopt a resolution of application to the commission and to each interested agency and each subject agency. The notice shall generally describe the proposal and the affected territory.

(c) Except for the provisions regarding signers and signatures, a resolution of application shall contain all of the matters specified for a petition in Section 56700 and shall be submitted with a plan for services prepared pursuant to Section 56653.

Service Plan Requirement

- 56653. (a) Whenever a local agency or school district submits a resolution of application for a change of organization or reorganization pursuant to this part, the local agency shall submit with the resolution of application a plan for providing services within the affected territory.
- (b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:
 - (1) An enumeration and description of the services to be extended to the affected territory.
 - (2) The level and range of those services.
 - (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
 - (5) Information with respect to how those services will be financed.

Additional requirements

- 56824.12. (a) A proposal by a special district to provide a new or different function or class of services within its jurisdictional boundaries shall be made by the adoption of a resolution of application by the legislative body of the special district and shall include all of the matters specified for a petition in Section 56700, and be submitted with a plan for services prepared pursuant to Section 56653. The plan for services for purposes of this article shall also include all of the following information:
- (1) The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries.
- (2) The estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class.
- (3) An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers.
- (4) A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.
- (5) Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries.
- (b) The clerk of the legislative body adopting a resolution of application shall file a certified copy of that resolution with the executive officer. Except as provided in subdivision (c), the commission shall process resolutions of application adopted pursuant to this article in accordance with Section 56824.14.
- (c) (1) Prior to submitting a resolution of application pursuant to this article to the commission, the legislative body of the special district shall conduct a public hearing on the resolution. Notice of

the hearing shall be published pursuant to Sections 56153 and 56154. (2) Any affected local agency, affected county, or any interested person who wishes to appear at the hearing shall be given an opportunity to provide oral or written testimony on the resolution.

Form of application; contents

56652. Each application shall be in the form as the commission may prescribe and shall contain all of the following information:

- (a) A petition or resolution of application initiating the proposal.
- (b) A statement of the nature of each proposal.
- (c) A map and description, acceptable to the executive officer, of the boundaries of the subject territory for each proposed change of organization or reorganization.
 - (d) Any data and information as may be required by any regulation of the commission.
- (e) Any additional data and information, as may be required by the executive officer, pertaining to any of the matters or factors which may be considered by the commission.
- (f) The names of the officers or persons, not to exceed three in number, who are to be furnished with copies of the report by the executive officer and who are to be given mailed notice of the hearing.

LAFCO Process

- 56824.14. (a) The commission shall review and approve or disapprove with or without amendments, wholly, partially, or conditionally, proposals for the establishment of new or different functions or class of services within the jurisdictional boundaries of a special district after a public hearing called and held for that purpose.
- (b) At least 21 days prior to the date of that hearing, the executive officer shall give mailed notice of the hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 21 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the territory affected by the proposal proposed to be adopted.
- (c) The commission may continue from time to time any hearing called pursuant to this section. The commission shall hear and consider oral or written testimony presented by any affected local agency, affected county, or any interested person who appears at any hearing called and held pursuant to this section.

CHAPTER 4: ROSSMOOR INCORPORATION

SUMMARY

An analysis for Rossmoor to incorporate as a city was carried out by a subcommittee of the RPC as part of its initiative to consider governance options for Rossmoor. The analysis considered the delivery of municipal services and financial and governance aspects for incorporation. The results indicate that, in spite of conventional wisdom, incorporation could be financially viable. Although a (utility) tax would be required, it likely would be less than those of the neighboring cities. The advantages of being a city are:

- Rossmoor could tailor municipal services and codes to match the unique needs of the community.
- There would be control over deployment of law enforcement resources.
- Municipal services such as permits would be obtained locally instead of in Santa Ana.
- Prestige, community identification and regional influence would be enhanced.
- The present RCSD offices could be expanded to what would be required for the city administration.

The disadvantages are the increased responsibilities and liabilities that a city assumes.

INTRODUCTION

This report is part of the Rossmoor Planning Committee's initiative to explore governance options for the unincorporated community of Rossmoor. It is authored by an RPC subcommittee of Rossmoor residents who researched and studied this option and incorporates financial analysis prepared by Burr Consulting and EPS. The purpose of the report is to provide information to the residents of the community and others about incorporating Rossmoor as a city; it is not intended to advocate for or against this option.

The conventional wisdom has been that Rossmoor cannot become a city because it has an insufficient sales tax base, it is too small to achieve economies of scale and funding would be inadequate especially with cuts in the VLF for new cities. However, to our knowledge this has never been studied and reported or documented. While it is the intention here to do just that, it must be recognized that this report is not the final word. There may well need to be refinements with the financial data and the governance considerations and requirements, but this report provides a baseline from which to proceed if desired. If the community decides to petition for incorporation, LAFCO requires that a comprehensive fiscal analysis be conducted.

The report is organized into several major sections. The first section is a discussion of the delivery of municipal services to Rossmoor. The second section looks at the financial implications of a Rossmoor city; that is, what are the revenues that would be expected, what are the expenses that would be incurred to provide a satisfactory level of municipal services and what would be the resulting shortfall, if any. The third section considers the advantages and disadvantages of cityhood. While this can be somewhat subjective, the goal was to make it as objective as possible but the

readers should make their own assessment of this. The next section attempts to describe what a Rossmoor city would be like. The last section deals with the process for incorporation.

MUNICIPAL SERVICES

The purpose of a governance entity is to provide services to the residents within its boundaries. Rossmoor, as an unincorporated area, currently obtains its services from the County of Orange, the Rossmoor Community Services District (RCSD), the Rossmoor-Los Alamitos Sewer District and the Orange County Fire Authority. These services are categorized as regional and municipal services. The regional services are services provided countywide such as the courts, jails, health, children services and beaches. The municipal services consist of law enforcement (sheriff), public works, animal control, planning, zoning, code enforcement, parks and recreation.

Chapter 2 details the municipal and regional services provided to Rossmoor. If Rossmoor incorporates, the county's regional services would remain the same. Therefore, only the municipal services need to be considered when evaluating incorporation.

Rossmoor is in a unique and desirable position with respect to the requirements that would be placed on it as a city. Those requirements would be fewer than what most cities have to deal with. For one, it is built out so there would not be issues related to development. Because it is a partially walled enclave, it has no arterial thoroughfares and no traffic lights. It has only a small commercial strip (Rossmoor Square located at its Northeast corner) and has no industry. All these factors reduce the amount of services below what a city normally has to provide. Rossmoor has a very low crime rate. Its sewer needs are already well provided by the Los Alamitos-Rossmoor Sewer District so no change is needed for that. It would also remain part of the Orange County Fire Authority without change. What is left to provide then are a limited number of municipal services. The main ones are law and code enforcement, public works, building and planning. These services, presently provided by the County, would be most likely contracted out but could be provided by the new city directly. The services that the RCSD currently provides, such as maintaining the parks, recreation, parkway trees, street sweeping and lighting, would be transferred to the city.

A Rossmoor city with a population of about 10,000 would not be the smallest city in Orange County. That distinction belongs to Villa Park with a population about 6,000 and an area slightly larger than Rossmoor. Villa Park does not provide such services as parks, recreation and sidewalk maintenance, but is responsible for other services such as sewers that a Rossmoor city would not be responsible for since those are already provided by the Rossmoor-Los Alamitos Sewer District. Villa Park administers its services very efficiently with a city staff of ten. It contract out for its municipal services. As such, Villa Park can serve as an administrative model for a Rossmoor city.

ANALYSIS

FINANCIAL ANALYSIS

When considering a governance option, the overriding question is usually what will be the cost to the resident taxpayer. This analysis attempts to answer that question. Table 4-1 summarizes the expected revenues and expenses for a Rossmoor city. The attached consultant report shows the details of the data that were developed by the consultants (Burr and EPS) that the RPC retained for the governance studies. The sources for the data are noted there.

Revenues. Presently, about \$0.5M of Rossmoor's property tax goes to the RCSD and about \$0.65M goes to the County. The total amounts to \$1.15M or 9.6% of property taxes going to pay

\$0.82M would go to Rossmoor, though this is subject to negotiations. The remainder goes to the County for its regional services. Sales tax revenues are from the Rossmoor Square businesses that presently go to the county. The other revenues in Table 4-1, except for the Lighting Assessment, also presently go to the County. The vehicle license fee (VLF) revenues will depend upon whether the state legislature reinstates the fees taken from new cities (AB 1602). If it does, it would also include a boost for the first five years for a new city. The revenue column in Table 4-1 shows two revenue streams, one with the present VLF law and a 7% utility users' tax and the other with the restored VLF and with a 3% utility tax. The two totals reflect the range of revenues that could reasonably be expected.

Expenditures. The biggest expenditure item is for law enforcement. The law enforcement figures for this shown in Table 4-1 (and in the consultant report) are taken from the LAFCO MSR report for the costs provided by the county for the services of the Orange County Sheriff. It is also in line with contracts that Villa Park and Laguna Woods have with the Sheriff. The facilities, parks, recreation, trees, street lighting and street sweeping are from what they presently cost the RCSD. Public works expenditures are primarily those for maintaining roads, curbs, gutters and sidewalks presently provided by the county. Urban Development expenditures are those for home building and remodeling services as detailed in the consultant report. The figures used were obtained by examining similar small cities and averaging their costs.

The results show that a utility tax would be needed to balance a budget and to build up a surplus. A utility tax rate of 3%, less than charged by Los Alamitos (6%) and Seal Beach (11%), appears sufficient if the VLF is restored to provide a positive operating margin.

Table 4-1
Summary of Proposed Budget for Rossmoor City

Revenues		
Taxes	\$1.55 M	
Utility Tax	\$0.90 M	\$0.4 M (3% tax)
Licenses & Permits	\$0.15 M	
Vehicle License Fees	\$0.07 M	\$0.59 (if AB 1602 passes)
Other Intergovernmental	\$0.12 M	
Fines & Forfeitures	\$0.01 M	
Service Charges	\$0.14 M	
Misc.	\$0.04 M	
Total Revenues	\$3.07 M	\$3.08 M (if AB 1602 passes)
Expenditures		
Administration	\$1.00 M	
Law Enforcement	\$1.17 M	
Urban Development	\$0.33 M	
Parks & Recreation	\$0.15 M	
Streets & Sidewalks	\$ 0.41 M	
Total Expenditures	\$3.05 M	
Surplus	\$0.02 M	\$0.03 M

Other costs that will need funding:

Start up costs Capital improvements

ADVANTAGES TO INCORPORATION

- It would be a permanent form of governance. There would be no need to revisit the issue with LAFCO or the county again in the future.
- It would provide the greatest amount of local control over services.
- Codes and ordinances could be tailored to local desires and needs.
- It would provide the greatest control of revenue streams.
- Problems could be resolved locally instead of having to go and deal with Santa Ana.
- A city would have more prestige than an unincorporated area and more influence in dealing with regional issues.
- It could control its own zoning.

DISADVANTAGES TO INCORPORATION

- Start-up costs could be significant.
- A city takes on more liability though that is covered by insurance.
- Taxes may be needed to make up for budget shortfalls.
- It would have to take on the responsibility of dealing with state and county agencies.
- It would have to establish its own general plan and update the housing element of that plan every 5 years.
- It would be subject to state mandates.

WHAT A ROSSMOOR CITY WOULD LOOK LIKE

The city hall for a Rossmoor city would in all probability be located where the present RCSD office is at Rush Park. There is room to expand the building as more office space is needed. The present services provided by the RCSD would be taken over by the city. Staff would have to be increased, but again using Villa Park as a model, the operation of the city could be lean. Most of the services would likely be contracted out. The reserves of the RCSD, presently about \$1.4 M, would roll over to the city which then could be used for start-up costs, capital costs and reserves. The city council meetings could be held much like they are now for the RCSD Board of Directors at the Rush Park auditorium. It is possible that meetings may have to be more frequent than once per month as it is presently with the RCSD.

While "economy of scale" is often stated as a goal for providing municipal services, a small lean operation can sometimes achieve greater economies than a larger operation because of less bureaucracy. This can be seen by comparing Villa Park and Los Alamitos per capita costs. Villa Park per capita cost is \$446 while Los Alamitos, with twice the population, has a per capita cost of \$791. This is not a complete comparison because more services are provided by Los Alamitos; nevertheless, it is instructive.

A Rossmoor city could in effect combine economy of scale with a lean operation. The economy of scale is achieved in that some services such as the sewer and fire fighting services are in effect a

joint powers authority. Almost all of the services would be contracted with large providers that already have economies of scale that Rossmoor would share, most notably the Orange County Sheriff. The Sheriff costs for law enforcement are less than half what it would cost for Rossmoor to contract with Los Alamitos or Seal Beach. The services presently provided by the RCSD would be taken over by the city. These services have a track record of experience and economy by the RCSD that should transfer over to the city. There is every reason to believe that the past strong participation of community volunteers would continue with a Rossmoor city.

PROCESS FOR INCORPORATION

There are two ways to initiate incorporation:

- 1. By pention of at least 25% of the registered voters in Rossmoor.
- 2. By resolution of the affected local agency (RCSD).

LAFCO would then determine if a satisfactory exchange of property tax will take place (the need to be "revenue neutral with the county") and if the city would be financially viable.

If LAFCO gives its approval, an election is then held and at least 50% of those voting is required for passage.

The road to incorporation is not easy but it is doable. Two cities in Orange County have incorporated over the last 5 years. It is up to the Rossmoor residents if they want to take this path.

CHAPTER 5: ANNEXATION TO LOS ALAMITOS

EXECUTIVE SUMMARY

This is a report on the Annexation Study conducted by the Rossmoor Planning Committee (RPC) Annexation Subcommittee. Annexation of Rossmoor to Los Alamitos is one of the Governance options that was studied. Los Alamitos is not currently advocating Annexation. Los Alamitos has offered to participate in a study if that is the option that Rossmoor wishes to pursue.

While the Governance options study involves finding effective ways of delivering municipal services now provided by the County, it has a broader impact as it also involves financial, political and quality of life issues. An inventory of regional and municipal services and utilities was developed and reviewed to determine their impact on levels of service. Generally, there was little or no impact on the regional services and utilities. However, there could be a significant improvement on the level of service for municipal services now delivered by the County. The governmental structure for delivering services was also reviewed along with the level of representation Rossmoor would have to influence the delivery of those services. Quality of life issues such as preservation of the Rossmoor identity, ambiance, influence over actions by neighboring cities and influence for obtaining regional services were reviewed.

The study revealed that the County budget is developed for the total unincorporated area, and it is not broken down by geographical areas such as Rossmoor. Therefore, the cost of services from county data can only be obtained on a per capita basis which can be grossly inaccurate when comparing a built-out area such as Rossmoor to some of the recent developed areas in South County. To get around this problem, our consultants have projected, item by item, the new operating costs and new revenues for Los Alamitos that would be incurred if they annexed Rossmoor. Assuming that Rossmoor would pay the same 6% utility users' tax that is now paid by residents and businesses in Los Alamitos, there is still an estimated deficit of \$0.4 million. To break even, the city would need an increase in its tax revenue.

Rossmoor residents would have to pay not only the Los Alamitos current utility users' tax of about \$234 per home annually (based on an assumed monthly utilities cost of \$325), but also a special tax or assessment of \$105, per home each year, which would be collected only in Rossmoor. If assembly bill AB1602 passes, then some VLF funds would be returned to the cities, and the special tax or assessment on Rossmoor homes would be unnecessary, although the 6% utility users' tax would be necessary.

These estimates may be high because the consultants used a conservative approach to estimate the cost burden that Los Alamitos would take on if it annexed Rossmoor. Los Alamitos may see ways that the consultants' assumed costs could be reduced.

ANALYSIS

GOVERNANCE AND SERVICES PROVIDERS includes four categories: Governance, Regional Services, Utilities, and Municipal Services. The items in each category are listed in Table 5-1.

GOVERNANCE

Representation

As indicated in Chapter 2, currently governance is provided by RCSD and the County Board of Supervisors. While Rossmoor residents have 100% representation on the RCSD Board of Directors, they only have a maximum of 20% representation on the Board of Supervisors. If Rossmoor were annexed to Los Alamitos, the City Charter requires that seven councilmanic districts be established on the basis of population, which would provide Rossmoor with slightly less than 50% representation.

Access.

Currently, the offices of County Municipal services providers are in Santa Ana (Grading Inspection is in Laguna Hills), requiring additional time and travel to get service or resolve issues. Annexation to Los Alamitos would improve access and reduce travel time for services. Also, access to decision makers would be enhanced due to reduced levels of government.

Planning/Zoning

Currently Rossmoor has very little or no influence over planning/zoning decisions of adjacent cities that can have a significant impact on Rossmoor residents. An example is the development of the shopping center a few years ago. If Rossmoor were part of Los Alamitos, residents could have more influence on such decisions.

Environmental

The County as a responsible agency can comment on the impact of environmental documents, but that seldom happens. Rossmoor residents can also comment on environmental documents, but that has resulted in little or no influence on the approval of the documents. Cities have control over development projects and the approval authority of environmental documents for those projects located within the city. Rossmoor residents would have a significant voice in the type of projects and the mitigation of environmental impacts if they were a part of the city.

Transportation

OCTA with assistance from the ciries is responsible for public transportation such as busses and rail. As traffic congestion increases and a larger segment of the residents reach the age where they can no longer drive, public transportation becomes increasingly important. Cities can encourage OCTA to initiate transportation studies and require the inclusion of transportation centers in new developments as mitigation measures if appropriate. The ability of residents to get attention for their transportation needs and to take action to satisfy those needs is greatly enhanced by being a part of a city.

Identity/Ambiance

Rossmoor has a significant name identity and an ambiance such as trees and spaciousness envied by many people. These are quality of life issues that need to be maintained, and can be, by including them as a condition of annexation.

Table 5-1	
GOVERNANCE AND SERVICES P	ROVIDER
PROVIDER	LOS ALAMITOS

CATEGORY	PROVIDER	LOS ALAMITOS
Governance		
Representation	County/RCSD	City Council
Access	County/RCSD	City
Planning/Zoning	County	City
Environmental	County	City
Transportation	County/OCTA	City/OCTA
Identity/Ambience	County/RCSD	City/Rossmoor
Regional Services		•
Fire & Paramedic	OC Fire	Same
Schools	LAUSD	Same
Flood Control	OC Flood Control	Same
Sewer	R-LA Sewer District	Same
Vector Control	Vector Control Dist.	Same
Utilities		
Electricity	Edison	Same
Gas	The Gas Company	Same
Water	Golden State	Same
Telephone	Various	Same
Cable	Time Warner	Same
Municipal Services	•	
Law Enforcement	County/CHP	City
Streets & Sidewalks	County	City
Permits	County	City
Code Enforcement	Coun ty	City
Traffic Engineering	County	City
Trash Collection	County (CR&R franchise)	City (Briggeman Disposal)
Animal Control	County	City of Long Beach
Street Lighting	RCSD	City
Street Sweeping	RCSD	City
Rossmoor Way Median	RCSD	City
Parkway Trees	RCSD	City
Parks & Recreation	RCSD	City
Signature Wall Maintenance	RCSD	City

REGIONAL SERVICES

The providers of Fire & Paramedic, Schools, Flood Control, Sewer and Vector Control services for Rossmoor will remain the same if annexed by Los Alamitos.

UTILITIES

The providers of Electricity, Gas, Water, Telephone and Cable service for Rossmoor will remain the same if annexed by Los Alamitos.

MUNICIPAL SERVICES

As indicated in Chapter 2, there are no significant deficiencies in the services provided by the RCSD. Except, there may be opportunities to enhance the delivery of recreational activities if Rossmoor were annexed. There are, however, a number of deficiencies in services provided by the County.

Improvement in Law Enforcement services is currently under way, and should be resolved by contracting with the Sheriff. If Rossmoor is annexed to Los Alamitos, the city would provide these services.

Annexation would provide an opportunity to influence policy development and to improve the delivery of most other Municipal services provided by the County. This would result through improved political representation, more immediate access to service providers, and development of codes more relevant to our area.

Streets & Sidewalks

Generally these are in good condition, except for repair of damage to sidewalks due to tree roots.

Permits

The County Permit Office is in Santa Ana, which requires travel time to get a permit or deal with permit issues. The Grading Inspection Office is in Laguna Hills, that requires even more travel time, and the Inspectors charges include travel time. Permit service could be significantly improved by annexing to Los Alamitos because of closer access and the elimination of most of the bureaucratic steps and checks that are involved when dealing with the county.

Code Enforcement

There has been a backlog problem with code enforcement due to shortage of personnel. Outside contract officers have been working on the backlog and the county expects that it will be eliminated by the end of FY 2005-06. The county currently does not provide any information on complaints beyond when the cases have been opened or closed. This blanket policy is intended to eliminate problems that might arise in the future prosecution of cases in court. The result is a complete loss of transparency. Code enforcement would be improved by being part of a city which would act on egregious nuisances without waiting for complaints to be filed, and ought to provide more information to the community on the follow-up on complaints.

Traffic Engineering

The standards for traffic devices and solutions to traffic problems on arterial streets and freeways are not always applicable for resolving problems in a city, and the process to gain approval for deviations from those standards or adopting new standards are more complex and many times unsuccessful. Engineering personnel in a city would be more familiar with traffic issues in the city and could resolve problems more quickly.

Trash Collection

Los Alamitos contracts with Briggeman Disposal for trash removal and uses specially designed trash containers to avoid direct man-handling of containers. Rossmoor, according to a recent survey prefers the present arrangement with CR&R that does not require the use of special containers.

Animal Control

The animal control shelters would be closer with easier access.

FINDINGS

- Our consultants have projected, item by item, the new operating costs and new revenues for Los Alamitos that would be incurred if the city annexed Rossmoor. Assuming that Rossmoor would pay the same 6% utility users' tax that is now paid by residents and businesses in Los Alamitos, there is still an estimated deficit of \$0.4 million. To break even, the city would have to increase its tax revenue. This would require Rossmoor residents to pay a special tax or assessment of about \$105 per home per year, in addition to the utility users' tax of 6% on their gas, electric, telephone and waster bills. If assembly bill AB 1602 passes, the special tax or assessment would be unnecessary.
- Law Enforcement Services and Traffic Enforcement Services are inadequate, but will be improved by a proposal now being developed with the sheriff.
- The level of municipal services performed by RCSD is appropriate and responsive to the wishes of the community.
- The level of municipal services performed by the County has declined and this trend is expected to continue.
- With annexation it is believed that the level of services will improve due to closer access to service providers and a simpler organizational structure that enhances access to decision makers.
- Increased representation will provide the opportunity to develop policy and codes more appropriate for Rossmoor.
- Rossmoor will have direct influence on the planning/zoning actions of Los Alamitos.
 Rossmoor will have a direct voice in determining city projects and the mitigation of negative
 impacts that projects might have on Rossmoor. The combined size of Rossmoor annexed
 to Los Alamitos would arguably give more influence on Seal Beach to mitigate impacts of
 their projects.

FINANCIAL

Owners of single family homes in Los Alamitos and Rossmoor currently have exactly the same property tax structure, except for bonds already approved for acquisition of Rush Park and reconstruction of the signature brick wall. The residents of Rossmoor would continue to be responsible for payment of tax assessments on these bonds. Thus, there would be no change for Rossmoor residents in the property tax and the levies shown on the Property Tax Bill.

Los Alamitos does have a utility tax on telephone, electrical, gas, and water, that are shown as a part of the monthly bills. Currently the tax rate is 6%. At that tax rate there would be a \$0.4 million deficit. Rossmoor would have to tax itself to pay that deficit.

The current State fund allocations further discourage annexation, but that could change as there is proposed legislation, AB 1602, to allocate more vehicle license fee revenue to the annexing city. With this possible transfer, there would be a surplus after annexing Rossmoor and Rossmoor would pay only the new utility users' tax.

CONCLUSIONS

- Annexation to Los Alamitos could provide the opportunity to have improved delivery of municipal services, such as law enforcement, recreation, permitting, etc.
- With annexation by Los Alamitos, there would be a six percent utility tax that Rossmoor residents would be required to pay.
- If AB 1602 does not pass, there would be an additional cost to Rossmoor of about \$105 per home based upon our preliminary financial analysis
- Compared with incorporation, annexation offers the potential for greater efficiencies due to scale and for spreading out financial risk inherent in operating a city.
- There could be a possible loss of Rossmoor identity as a result of annexation by Los Alamitos.
- For Los Alamitos, there may be less political control since Rossmoor would be nearly 50% of the new city's voters.
- Being part of a larger city with 20,000 plus population could provide Rossmoor with more influence on the actions of other cities (particularly Seal Beach) who propose actions that could have a negative impact on Rossmoor.
- As a city of 20,000 plus, Rossmoor would have a greater opportunity to get attention of regional agencies to address needs in the community.

CHAPTER 6: ANNEXATION TO SEAL BEACH

EXECUTIVE SUMMARY

This is a report on the Annexation Study conducted by the Rossmoor Planning Committee (RPC) Annexation Subcommittee. Annexation of Rossmoor to Seal Beach is one of the Governance options that was studied. Seal Beach is not currently advocating annexation and has indicated no interest mainly because of a perceived negative financial impact on the city.

While the Governance options study involves finding effective ways of delivering municipal services now provided by the County, it has a broader impact as it also involves financial, political and quality of life issues. An inventory of regional and municipal services and utilities was developed and reviewed to determine their impact on levels of service. Generally, there was little or no impact on the regional services and utilities. However, there could be a significant improvement on the level of service for municipal services now delivered by the County. The governmental structure for delivering services was also reviewed along with the level of representation that Rossmoor would have to influence the delivery of those services. Quality of life issues such as preservation of the Rossmoor identity, ambiance, influence over actions by neighboring cities and influence for obtaining regional services were reviewed.

The study revealed that the County budget is developed for the total unincorporated area, and it is not broken down by geographical areas such as Rossmoor. For this reason, the cost of services can only be obtained from the County on a per capita basis which can be grossly inaccurate when comparing a built-out area such as Rossmoor to some of the recently developed areas in South County. To get around this problem, our consultants have projected, item by item, the new operating costs and new revenues for Seal Beach that would be incurred if they annexed Rossmoor. Assuming that Rossmoor would pay the same 11% utility use tax that is now paid by residents and businesses in Seal Beach, there would be an estimated surplus of \$0.6 million. Rossmoor residents would have to pay the current Seal Beach utility users' tax, of about \$396 per home each year (based on an assumed combined monthly \$300 cost for gas, electric and telephone service). If Assembly bill AB 1602 passes, then some vehicle licensing fee revenue would be returned to the city and there would be a more significant surplus for Seal Beach.

ANALYSIS

GOVERNANCE AND SERVICES PROVIDERS includes four categories: Governance, Regional Services, Utilities, and Municipal Services. The items in each category are listed in Table 6-1.

GOVERNANCE

Representation

As indicated in Chapter 2, currently governance is provided by RCSD and the County Board of Supervisors. While Rossmoor residents have 100% representation on the RCSD Board of Directors, they only have a maximum of 20% representation on the Board of Supervisors. If Rossmoor were annexed to Seal Beach, it would account for about 30% of the voters. It is not clear how Rossmoor would be represented on the city council, which now has five members elected from diverse council districts. The current city manager of Seal Beach has told the RPC that the council will remain at five members, even if annexation of Rossmoor were to take place, which he says will not happen.

Access

Currently, the offices of County Municipal services providers are in Santa Ana (Grading Inspection is in Laguna Hills), requiring additional time and travel to get service or resolve issues. Annexation to Seal Beach would improve access and reduce travel time for services. Also, access to decision makers would be enhanced due to reduced levels of government.

Planning/Zoning

Currently Rossmoor has very little or no influence over planning/zoning decisions of adjacent cities that can have a significant impact on Rossmoor residents. Examples are the shopping centers adjacent to Rossmoor that were developed along Seal Beach Boulevard by the City of Seal Beach. If we were part of Seal Beach, Rossmoor residents could have direct influence on future developments.

Environmental

The County as a responsible agency can comment on the impact of environmental documents, but that seldom happens. Rossmoor residents can also comment on environmental documents, but that has resulted in little or no influence on the approval of the documents. Cities have control over development projects and the approval authority of environmental documents for those projects located within the city. Rossmoor residents would have a significant voice in the type of projects and the mitigation of environmental impacts if they were a part of the city.

Transportation

OCTA with assistance from the cities is responsible for public transportation such as busses and rail. As traffic congestion increases and a larger segment of the residents reach the age where they can no longer drive, public transportation becomes increasingly important. Cities can encourage OCTA to initiate transportation studies and require the inclusion of transportation centers in new developments as mitigation measures if appropriate. The ability of residents to get attention for their transportation needs and to take action to satisfy those needs is greatly enhanced by being a part of a city.

Identity/Ambiance

Rossmoor has a significant name identity and an ambiance such as trees and spaciousness envied by many people. These are quality of life issues that need to be maintained, and can be, by including them as a condition of annexation.

COVE	Table 6-1		
CATEGORY PROVIDER CEAL PRACTY			
Governance	PROVIDER	SEAL BEACH	
Representation			
Access	County/RCSD	City Council	
	County/RCSD	City	
Planning/Zoning	County	City	
Environmental	County	City	
Transportation	County/OCTA	City/OCTA	
Identity/Ambience	County/RCSD	City/Rossmoor	
Regional Services			
Fire & Paramedic	OC Fire	Same (through City contract)	
Schools	LAUSD	Same	
Flood Control	OC Flood Control	Same	
Sewer Collection	R-LA Sewer District	City	
Sewer Treatment	OC Sanitation District	Same	
Vector Control	Vector Control Dist.	Same	
Utilities			
Electricity	Edison	Same	
Gas	The Gas Company	Same	
Water	Golden State	City	
Telephone	Various	Same	
Cable	Time Warner	Adelphia	
Municipal Services		, sacipila	
Law Enforcement	County/CHP	City	
Streets & Sidewalks	County	City	
Permits	County	City	
Code Enforcement	County	City	
Traffic Engineering	County	City	
Trash Collection	County (CR&R franchise)		
Animal Control	County	City (Consolidated Disposal) City	
Street Lighting	RCSD	City	
Street Sweeping	RCSD	City	
Rossmoor Way Median	RCSD	City	
Parkway Trees	RCSD		
Parks & Recreation	RCSD	Ciry	
Signature Wall Maintenance	RCSD	City	
o manife name	INCOLY	City	

REGIONAL SERVICES

The providers of Fire & Paramedic, Schools, Flood Control, Sewer Treatment, and Vector Control services for Rossmoor will remain the same if annexed by Seal Beach. Although the city

provides sewer collection service directly, LAFCO approval would be required to change Rossmoor's sewer collection provider from RLASD to Seal Beach.

UTILITIES

The providers of Electricity, Gas, and Telephone service for Rossmoor will remain the same if annexed by Seal Beach. Although Seal Beach provides water service directly, it would not necessarily assume water service in Rossmoor. The Cable service provider would likely be Adelphia instead of Time Warner.

MUNICIPAL SERVICES

As indicated in Chapter 2, there are no significant deficiencies in the services provided by the RCSD. Except, there may be opportunities to enhance the delivery of recreational activities if Rossmoor were annexed. There are, however, a number of deficiencies in services provided by the County.

Improvement in Law Enforcement services is currently under way, and should be resolved by contracting with the Sheriff. If Rossmoor is annexed to Seal Beach, the city would provide these services.

Annexation would provide an opportunity to influence policy development and to improve the delivery of most other Municipal services provided by the County. This would result through improved political representation, more immediate access to service providers, and development of codes more relevant to our area.

Streets & Sidewalks

Generally these are in good condition, except for repair of damage to sidewalks due to tree roots

Permits

The County Permit Office is in Santa Ana, which requires travel time to get a permit or deal with permit issues. The Geading Inspection Office is in Laguna Hills, that requires even more travel time, and the Inspectors charges include travel time. Permit service could be significantly improved by annexing to Seal Beach because of closer access and the elimination of most of the bureaucratic steps and checks that are involved when dealing with the county.

Code Enforcement

There has been a backlog problem with code enforcement due to shortage of personnel. Ourside contract officers have been working on the backlog and the county expects that it will be eliminated by the end of FY 2005-06. The county currently does not provide any information on complaints beyond when the cases have been opened or closed. This blanket policy is intended to eliminate problems that might arise in the future prosecution of cases in court. The result is a complete loss of transparency. Code enforcement would be improved by being part of a city which would act on egregious nuisances without waiting for complaints to be filed, and ought to provide more information to the community on the follow-up on complaints.

Traffic Engineering

The standards for traffic devices and solutions to traffic problems on arterial streets and freeways are not always applicable for resolving problems in a city, and the process to gain approval for deviations from those standards or adopting new standards are more complex and many times

unsuccessful. Engineering personnel in a city would be more familiar with traffic issues in the city and could resolve problems more quickly.

Trash Collection

Trash collection is provided directly by Seal Beach's franchisee—Consolidated Disposal—and is separately billed by the city. Collection occurs at least weekly, but is more frequent in some parts of the city.

Animal Control

The animal control shelters would be closer with easier access.

FINDINGS

- Our consultants have projected, item by item, the new operating costs and new revenues for Seal Beach that would be incurred if they annexed Rossmoor. Assuming that Rossmoor would pay the same 11% utility use tax that is now paid by residents and businesses in Seal Beach, there is an estimated surplus of \$0.6 million. If Assembly Bill AB 1602 were to pass, then annexation of Rossmoor would have an even healthier effect on Seal Beach.
- Law Enforcement Services and Traffic Enforcement Services are inadequate, but will be improved by a proposal now being developed with the sheriff.
- The level of municipal services performed by RCSD is appropriate and responsive to the wishes of the community.
- The level of municipal services performed by the County has declined and this trend is expected to continue.
- With annexation it is believed that the level of services will improve due to closer access to service providers and a simpler organizational structure that enhances access to decisions makers.
- Increased representation will provide the opportunity to develop policy and codes more appropriate for Rossmoor.
- With annexation Rossmoor will have direct influence on the planning/zoning actions of Seal Beach. Rossmoor will have a direct voice in determining city projects and the mitigation of negative impacts that projects might have on Rossmoor.

FINANCIAL

Owners of single family homes in Rossmoor and in the College Park sections of Seal Beach currently have very similar property tax structures, except for bonds already approved for acquisition of Rush Park and reconstruction of the Rossmoor signature brick wall. The residents of Rossmoor would continue to be responsible for payment of tax assessments on these bonds. There would be very little change for Rossmoor residents in the property tax and the levies shown on the Property Tax Bill.

Seal Beach does have a utility users' tax on telephone, electrical, and gas that is shown as a part of the monthly bills. The current utility users' tax rate is 11% (except for households headed by

seniors with an annual income below \$38,500, for which the utility use tax is waived). Annexation of Rossmoor at the 11% tax rate would lead to an estimated surplus of \$0.6 million.

Conclusions

- Annexation to Seal Beach could provide the opportunity to have improved delivery of municipal services, such as law enforcement, permitting, animal control, etc.
- With annexation by Seal Beach, there would be an 11 percent utility tax payable by Rossmoor residents.
- It appears that there would be a substantial budget surplus (which would be even more significant if AB1602 passes) based upon our preliminary financial studies.
- With annexation by Seal Beach, there may be a risk that Rossmoor residents would assume the risk of high beach maintenance costs and aging infrastructure.
- Compared with incorporation, annexation offers the potential for greater efficiencies due to scale and for spreading out financial risk inherent in operating a city.
- Since Rossmoor would only represent about 30% of the City, Rossmoor might not have sufficient political control over decisions directly impacting the Rossmoor area.
- There could be a possible loss of identity as a result of annexation by Seal Beach.
- More influence on the actions of Seal Beach which in the past have had a significant impact on Rossmoor without any ability of Rossmoor to have a say in the decision.
- As a city of over 35,000, Rossmoor would have a greater opportunity to get attention of regional agencies to address needs in the community.

Burr Consulting Economic & Planning Systems, Inc.

Rossmoor Governance Alternatives: Fiscal Impacts

Report to the Rossmoor Planning Committee and Orange County

here 2006

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1. Preface

This report provides financial and feasibility analysis of governance alternatives for the unincorporated Rossmoor community.

Caveats

By its nature, this report scopes out likely impacts and feasibility of the various alternatives to assist the community in considering its options. The report does not and is not intended to provide a comprehensive analysis of these alternatives.

This report is not a substitute for the detailed financial analysis and planning required to process proposed governance changes. Once the governance alternative of interest has been selected and/or formally initiated, the appropriate agency(ies) would conduct a more detailed analysis of fiscal and other impacts. California law requires the agency initiating a governance change to submit to the Local Agency Formation Commission (LAFCO) a service plan including service levels, timing of service extension, service financing and any infrastructure requirements. Additional analyses required for LAFCO to consider governance changes include comprehensive fiscal analysis for incorporation proposals and cost/fiscal impact analysis for expansion of special district powers. Although not specifically required by LAFCO, annexing agencies typically conduct their own fiscal analyses when seriously considering initiating annexations. Similarly, Orange County would likely conduct its own fiscal analysis once a governance change is initiated.

Acknowledgements

The authors thank the Rossmoor Planning Committee (RPC) members for community-specific information. The authors extend their gratitude to the various agencies that provided data and information for this study, including the Orange County LAFCO, County Executive Office, Orange County Fire Authority, Orange County Transportation Authority, Rossmoor Community Services District, and the cities of Los Alamitos, Seal Beach, Villa Park, Laguna Woods, Rancho Palos Verdes, and Palos Verdes Estates. Orange County, the Rossmoor Community Services District and the Rossmoor Homeowners Association funded this study.

Authors

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This report was prepared by a consultant team—Burr Consulting and Economic & Planning Systems, Inc. (EPS)—with expertise in municipal finance and urban economics. Beverly Burr served as lead author. Walter Kieser and Richard Berkson of EPS served as advisers and reviewers. Cecelia Griego of Burr Consulting provided research assistance.

¹ California Government Code § 56653

² California Government Code § 56800

³ California Government Code § 56824.12

2. Summary of Findings

This report provides financial and feasibility analysis of the following governance alternatives for the unincorporated Rossmoor community:

- annexation of Rossmoor to the City of Los Alamitos,
- · annexation of Rossmoor to the City of Seal Beach, and
- incorporation of Rossmoor as an independent city.

Governance

Rossmoor is currently governed by Orange County. Rossmoor residents vote for one of five members of the County Board of Supervisors. Rossmoor registered voters make up approximately two percent of registered voters in the second supervisorial district.⁴

The community would have the most control over governance if it were to incorporate as a separate city. Expanded powers for the RCSD could also enhance self-governance. Rossmoor voters would likely elect just under half of council members if annexed to Los Alamitos, and even fewer of the council members if annexed to Seal Beach or to a consolidated Los Alamitos-Seal Beach city.

Taxes

Residents in Rossmoor's neighboring cities pay a local tax, called a utility users' tax, on their electric, gas and telephone bills. This tax is six percent of utility charges in Los Alamitos, and 11 percent in Seal Beach. Rossmoor residents do not currently pay such a tax. If the community were to become a city, Rossmoor would need to levy a utility users' tax to support itself financially as well. The only option that does not involve a utility users' tax is expansion of the RCSD powers.

Service Levels

The governance options have the potential to change who provides law enforcement, street, traffic, water, solid waste, landscaping, recreation, planning, permitting, and animal control service in Rossmoor. Many other municipal services—fire, ambulance, sewer treatment, electric, gas, library and schools—in Rossmoor would not be affected by potential governance changes.

Rossmoor incorporation would offer the community the greatest control over service providers. As an independent city, Rossmoor could choose to provide any of the affected services directly or to contract with the County, neighboring cities or private companies

⁴ Orange County Department of Registration and Elections, Statement of Votes, November 5, 2002 General Election, December 3, 2002.

for those services. Los Alamitos would directly provide law enforcement, street, traffic, landscaping, recreation, planning, and permitting if Rossmoor annexes to this city. The solid waste hauler and animal control provider would change as well. In addition to these changes, water and sewer collection could potentially be provided by Seal Beach if Rossmoor were annexed to Seal Beach or to a consolidated city.

Governance changes offer potential for improvements in the level of municipal services. Clearly, law enforcement, traffic enforcement, animal control and permitting service levels could be improved by governance changes.

Feasibility

Annexation to Los Alamitos may not be financially feasible. This analysis indicates that even if Rossmoor were to pay the six percent utility tax, annexation could lead to a Los Alamitos budget deficit of \$0.4 million under existing law and a modest positive impact if proposed legislation (A.B. 1602) is approved. This study makes conservative estimates of Los Alamitos' costs for servicing Rossmoor. It is possible that Los Alamitos may study the matter directly and determine that it could service Rossmoor more efficiently than we have assumed. Another option is that Rossmoor could approve a special tax or assessment to make this option revenue-neutral for Los Alamitos. Approval by Los Alamitos City Council and LAFCO would be required. The Rossmoor community could defeat annexation through a protest process involving petitioning and possibly an election. Voters in Los Alamitos could potentially be allowed by LAFCO to vote separately on annexation as well.

Annexation to Seal Beach appears to be financially feasible. This study indicates that Seal Beach would face a positive fiscal impact under existing law, The City of Seal Beach has expressed a lack of interest in annexing Rossmoor; however, this could potentially change based on the preliminary fiscal findings. Procedural hurdles for annexation are the same as for annexation to Los Alamitos.

Rossmoor cityhood is feasible if the community approves a utility users' tax. Most likely, such a tax would be lower if Rossmoor incorporates than if it annexes to a neighboring city. This study indicates a tax in the range of 3-7 percent would be needed to fund service levels comparable to existing levels. Advantages include greater control over service providers and levels as well as land use regulation. Disadvantages include the potential for inefficiencies related the small size of the city and the community accepting financial risk currently shouldered by the County. The community would need to complete a number of steps to form a city: petition signing, funding a comprehensive fiscal analysis, and shepherding the proposal through the LAFCO process. Approval by LAFCO and a majority of Rossmoor voters would also be required.

Expansion of RCSD powers is the simplest change. This option is clearly feasible from a financial perspective. Approval by the RCSD board and LAFCO would be required. Advantages include greater control over service and deployment. However, this approach will not result in Rossmoor control over ordinances and regulatory functions.

Rossmoor Governance Alternatives

Consolidation of Rossmoor, Los Alamitos and Seal Beach is the most complex option both financially and procedurally. This option would allow the communities to enjoy more cost-effective services due to increased scale. However, barriers to consolidation are significant: the cities of Los Alamitos and Seal Beach have different charters, tax structures, service configurations and compensation schemes. Procedural complexity is highlighted by the fact that the last consolidation in California occurred nearly 40 years ago. Ultimately, a majority of voters in each of the communities would have to approve consolidation. The authors consider consolidation implausible. However, functional consolidation through joint service provision is plausible and occurs outside LAFCO processes. Indeed, Los Alamitos and Seal Beach already benefit from such consolidation in police dispatch. Other police administrative functions and recreation are other potentially fruitful areas for cost savings through functional consolidation.

3. Service Providers

The governance options have the potential to change who provides law enforcement, street, traffic, water, solid waste, landscaping, recreation, planning, permitting, and animal control service in Rossmoor. Many other municipal services—fire, ambulance, sewer treatment, electric, gas, library and schools—in Rossmoor would not be affected by potential governance changes.

		Current Providers	
Service	Rossmoor	City of Los Alamitos	City of Seal Beach
Government (including	Orange County	City of Los Alamitos	City of Seal Beach
finance, administration,			on, or our bouch
public works, etc.)		ĺ	
Land Use Planning	Orange County	City of Los Alamitos	City of Seal Beach
Water	Golden State Water Company	Golden State Water Company	City of Seal Beach
Wastewater Collection	Rossmoor/Los Alamitos Sewer District	Rossmoor/Los Alamitos Sewer District	City of Seal Beach
Wastewater Treatment	Orange County Sanitation	Orange County Sanitation	Orange County Sanitation
Storm Water Drainage	Orange County	City of Los Alamitos	City of Seal Beach
Roads Maintenance	Orange County	City of Los Alamitos	City of Seal Beach
Street Sweeping	Private (Rossmoor CSD	City of Los Alamitos	Private (City of Seal Beach
	contract)		contract)
Street Lighting	Southern California Edison	Southern California Edison	Southern California Edison
Median Landscaping	Private (Rossmoor CSD	City of Los Alamitos	City of Seal Beach
Police	Orange County Sheriff, California Highway Patrol	City of Los Alamitos	City of Seal Beach
Police Dispatch	Orange County Sheriff,	West-Comm JPA Los	West-Comm JPA Los
	California Highway Patrol	Alamitos, Seal Beach and	Alamitos, Seal Beach and
Code Enforcement	Orange County	City of Los Alamitos	City of Seal Beach
Animal Control	Orange County	City of Long Beach (contract)	City of Seal Beach
ire	Orange County Fire Authority	Orange County Fire Authority	Orange County Fire Authorit (City of Seat Beach contract)
iolid Waste	CR&R (franchise with County)	Briggmann (franchise with City)	Consolidated Disposal (franchise with City)
arks and Recreation	Groundskeeping: Private Facilities: Rossmoor CSD Recreation: Rossmoor CSD	City of Los Alamitos	City of Seal Beach
ree Landscaping	Safety trims: (Rossmoor CSD contract reimbursed by County)	City of Los Alamitos	City of Seal Beach
chools	 '	Los Alamitos Unified School	Los Alamitos Unified School
lectricity & Natural		District	District
			Southern California Edison
uras La Clamites, Lin Searb.	Southern California Gas	Southern California Gas	Southern California Gas

Governance Impacts

The City of Los Alamitos currently elects its five council members at large. The City has a charter provision that City Councilmembers would be elected by district (with seven districts) if the population grows to 18,000 or more. Annexation of Rossmoor to Los Alamitos would trigger this change in governance for the City. In addition, Rossmoor would increase the population of Los Alamitos by 83 percent. Rossmoor annexation would change the Council size, composition, and members.

The City of Seal Beach currently elects its five council members by district. Annexation of Rossmoor would require the City to either create additional council districts or re-draw the boundaries of the council districts. Annexation of Rossmoor to Seal Beach would increase the Seal Beach population by 46 percent. There is significant potential for a Rossmoor annexation to change the Council composition and members.

Provider Impacts

Los Alamitos would directly provide law enforcement, street, traffic, landscaping, recreation, planning, and permitting if Rossmoor annexes to this city. The solid waste hauler and animal control provider would change as well. In addition to these changes, water and sewer collection could potentially be provided by Seal Beach if Rossmoor were annexed to Seal Beach or to a consolidated Seal Beach-Los Alamitos city.

Rossmoor incorporation would offer the community the greatest control over service providers. As an independent city, Rossmoor could choose to provide any of the affected services directly or to contract with the County, neighboring cities or private companies for those services.

Expanding RCSD powers would have the least impact on service providers in the community. Although the community could exercise greater control over the law enforcement service level with this option, the Sheriff would continue to provide service. This option might lead to a shift in planning from the County and to an area planning commission, if approved by the County.

Service Level Impacts

Law enforcement is currently provided by the County Sheriff in Rossmoor; the neighboring cities each have independent police departments. Response times for high-priority incidents are substantially faster in Los Alamitos and Seal Beach than in Rossmoor due to both quicker dispatch and travel times. Clearance rates for serious (Part I) crimes are substantially higher in Seal Beach and Los Alamitos than in Rossmoor. If annexed to Seal Beach or Los Alamitos, response times and crime clearance would likely improve the most. Incorporation or expansion of CSD powers

⁵ Scott P. Bryant & Associates. Police Services Comparison Survey: Report to the Orange County Local Agency Formation Commission, November 2004, pages 4 and 9.

would also likely improve response times, as the community would have greater input over patrol deployment by the County Sheriff.

Traffic enforcement is currently provided by the California Highway Patrol (CHP) and supplemented by the Orange County Sheriff in Rossmoor. According to RPC members, there is little CHP presence in the community and prevalent speeding along certain roads. RPC members report that supplemental Sheriff enforcement initiated in January 2006 has improved the service level; however, the Sheriff has not increased staff levels for this purpose. Each of the governance changes would involve local control over traffic enforcement, with related service level improvements.

Building and planning permit services are currently provided in Santa Ana, 16 miles from Rossmoor. Los Alamitos services are more convenient, less than two miles from the center of Rossmoor. Seal Beach services are also more convenient, 5.5 miles from the center of Rossmoor. Incorporation would offer the most convenient services. Expansion of RCSD powers could potentially involve establishment of an area planning commission to handle local zoning and use permits; however, this would require County and LAFCO approval and would not affect building permit services.

Animal control is currently provided by the County with services (dog licensing and lost pets) provided in Orange, 13 miles from Rossmoor. The Long Beach shelter is closest, only three miles from Rossmoor. The Seal Beach shelter is also more convenient, only five miles from Rossmoor. Incorporation or expansion of RCSD powers would also improve service levels if Long Beach or Seal Beach were chosen as the service provider.

4. Fiscal Impacts

This report provides a <u>preliminary</u> analysis of the effects of the various governance options on the general and road funds of the respective agencies: Los Alamitos, Seal Beach and a hypothetical Rossmoor city. While these results provide a general sense of the fiscal strength of the scenarios, all deserve a closer look by affected agencies and stakeholders. The summary table (next page) shows estimates of the fiscal impacts of the various scenarios assuming they had happened a) under current law b) in FY 04-05 dollars and c) in a steady state (i.e., after short-term transition costs and revenue lags).

Revenues

Property Tax

Rossmoor property owners pay the property tax of one percent on assessed value. Property tax revenue is distributed to various state, regional and local agencies.

The Orange County Auditor-Controller provided actual property tax allocations for Rossmoor. Currently, \$502,050 is distributed to the Rossmoor Community Services District (RCSD) and \$645,197 is distributed to Orange County for general purposes. The Orange County Fire Authority (OCFA) receives \$1,172,755 in property taxes from Rossmoor.

The Orange County CEO provided estimates of the portion of the County's property tax share that might transfer to an annexing agency. Neither Los Alamitos nor Seal Beach is signatory to the master tax sharing agreement of the County. As a result, actual property tax allocations would be a matter negotiated by the parties after a particular governance change is initiated.

This analysis assumes that the RCSD would be absorbed into the annexing agency or the new city and that related property taxes would transfer.

In the event of annexation to Seal Beach, the Rossmoor property tax amount that is currently distributed to OCFA would transfer to Seal Beach. Seal Beach would use that revenue to pay OCFA for contract fire and paramedic service. As the property tax amount and service cost would be treated as identical by OCFA, there would be net fiscal impact on OCFA.

Sales Tax

A portion of the sales and use tax is credited to the local jurisdiction in which the retailer (or point of sale) occurs.

The only commercial area, Rossmoor Village Square, is in northeast Rossmoor. This commercial development includes 18 businesses: restaurants, video rental, a gas station, a video rental store and several retail outlets.

The Orange County CEO provided data on existing sales tax revenue generated in the Rossmoor community, and estimates that \$212,100 was generated in Rossmoor.

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	Annexation to Los Alamitos	Alamitos	Annexation to Seal Beach	Seal Beach	Incorporation	
General Fund Revenues	Widnout AB 1002	With AB 1602	Without AB 1602	With AB 1602	Without AB 1602	With AB 1602
Property Tax	\$814.707	101.4.107	\$2,000,000			
Seles Tax	00,010	10/4/04	70577074	\$2,022,362	\$824,649	\$824,649
Doubmentage Transfer Tox	214,100	212,100	212,100	212,100	212,100	212,100
Parties of the second s	26,710	56,710	56,710	56,710	56.710	56.710
Indianas License Lax	1,800	1,800	1,800	1,800	1,800	1,800
Dianty Users Lax	969,310	869,310	1,309,315	1309.315	902 634	196 841
Franchise Frees	315,307	315,307	251 994	251.994	283.651	283 651
Cincr 12x	174,597	174,597	0		174 597	174 507
Licenses & Permits	59,332	59,332	188.290	188 290	148 152	148 157
Vehicle License Fees	90+'99	590,109	66.406	500 100	YOF 99	901 005
Office Intergovernmental	197,158	197 158			45.054	201000
Charges for Services	101919	101 919	364.484	264.404	22,520	RCQ CIT
Investment Earnings	P4 674	04.674	104,100	404,400	137,343	137,43
Fines & Forfeitures	132 218	193 010	/25'CD2	203,527	12,225	12,225
Miscellaneous	111 701	133,410	133,943	133,943	95,723	95,723
Toansfers	100 530	10,701	149,77	149,777	37,513	37,513
Total	64 340 640	169,330	113,206	113,206	0	0
General Fund Expenses	December 1	\$5,854,253	\$5,073,713	\$5,597,417	\$3,069,639	\$3,077,572
Giv Carned	10000					
City Mangares City Clark	320,826	30,836	9	0 \$	\$51,148	\$51.148
Administrative Courtes	261,411	119,152	75,167	75,167	309,072	309,072
City Attention	40702 20704	202,644	97,860	098'26	189,133	189,133
Nondepartmental	85,752	83,752	64,363	64,363	100,000	100,000
Police	133.494	355,494	611,101	611,101	348,969	348,969
With the December of the	1,787,666	1,787,666	1,085,378	1,085,378	1,100,000	1,100,000
rue or l'aramedic Service	0	0	1,172,755	1,172,755	0	°
Description Control		0	£10'0Z	70,013	70.013	70.013
Public West	219,661	219,661	323,490	323,490	325,693	325.693
Culture & D	#3.#85	443,485	376,151	376,151	400,462	409 462
Miscellaneaus	399,111	399,111	202,927	202,927	145,659	145,659
Total	8,655	78,655	374,557	374,557	0	°
Net Electrical	53,720,446	\$3,720,446	\$4,453,763	#453,763	\$3,649,148	\$1.040.148
1389 807 C13 907 C13 907	100000					

nest of Finance, Calirans, Los Alamitos, Seal Beach, Orange County, LAFCO. Rossmoor Community Services District, Burr Consulting, EPS

(1) Vehicle bernse for revenues would be higher if the Legislature passes proposed legislation (AB 1602). Passage and implementation of this bill is proposed in 2006 (2). All justice tooks tely on Ceruge County Fare Authority (CCFA) for the and parametric service. Seal Beach contacts with COR Beach for service.

3. Lee Alatitates contacts with Long Beach for animal control. Related expenses are included under nondepartmental and not separately identifiable.

Documentary Transfer Tax

Revenue and Taxation Code §11911 authorizes the County to impose a tax of \$.55 per \$500 in value of property on deeds transferring property. Section 11911 permits cities within counties that have imposed such a tax to capture half of that amount from the county.

Charter cities are allowed to impose higher tax rates. Both Los Alamitos and Seal Beach are charter cities, although neither of these cities currently imposes the tax at a higher rate. As a result, documentary transfer tax implications are identical across the three scenarios.

Business License Tax

Cities (and counties) may impose a business license tax (BLT). The BLT is levied on businesses for the privilege of conducting business in a particular jurisdiction, and is usually levied on home-based businesses as well as those located on commercial properties. Most California cities with a BLT levy the tax on the basis of employees or gross receipts; however, some cities charge a flat amount, a tax based on square footage, or do not levy a BLT at all.

Orange County does not levy a BLT, and Rossmoor businesses do not currently pay this tax.

Los Alamitos charges each business a flat amount of \$100 for an annual business license.

The Seal Beach annual business license tax is based on number of employees. A professional office in Seal Beach pays \$50 per professional member of the staff in addition to \$4 per non-professional employee. Retailers in Seal Beach pay \$50-500 depending on the number of employees.

The hypothetical Rossmoor city is assumed to charge BLT rates comparable to Los Alamitos and Seal Beach.

Utility Users' Tax

The utility users' tax (UUT) is a general tax imposed on the use of utility services. The tax is charged on the utility bill for electricity, gas, telephone, water, sewer and/or cable television services. UUT is a common financing source, used by 152 California cities. A number of neighboring cities—Los Alamitos, Seal Beach, Buena Park, Huntington Beach, Long Beach, and others—levy this tax to finance city services.

Orange County does not impose a UUT. Residents and businesses in the unincorporated Rossmoor area do not currently pay this tax.

In Los Alamitos, voters approved Measure Q, continuing the City's six percent UUT at the November 2002 election. The City Council is required to review the Utility Users Tax on an annual basis in considering the City's general fund budget for the upcoming year. If it determines that the City's financial condition will not be adversely affected, the

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City Council may temporarily reduce the tax rate, as it did for the periods of February 1, 2002, through February 1, 2003. The UUT was originally established in 1991.

Seal Beach levies an 11 percent UUT with an exemption for low-income seniors. The City adopted a six percent UUT prior to 1992, which is not subject to Proposition 218 vote requirements. The UUT rate was increased from six to 11 percent in 1992. If annexed to Seal Beach, Rossmoor households would pay approximately \$396 per year in utility taxes.

If Rossmoor is annexed, LAFCO would include a condition that Rossmoor will pay the UUT effective in the annexing city. Rossmoor voters would not be asked separately to approve the UUT.

The incorporation scenario would require a UUT of 3-7 percent in order to be fiscally viable at existing service levels. For a typical household, a three percent tax amounts to \$273 annually and a seven percent tax amounts to \$117.

Revenue estimates for the incorporation scenario assume that Rossmoor imposes a UUT with an exemption for low-income senior households. The authors estimate that approximately 11 percent of Rossmoor households would qualify for such an exemption based on analysis of 2000 Census data.

Franchise Fees

Cities are authorized to levy franchise fees on utilities in exchange for granting the utilities a franchise in its territory. In practice, a franchise fee is embedded into the utility rates and paid in the pre-tax portion of the utility bill. Franchise fees are not subject to Proposition 218 requirements.

Rossmoor residents and businesses currently pay the franchise fees that the County imposes on utility franchisees. Estimates of the current fees paid by Rossmoor were unavailable

In this report, estimates of franchise fee revenues were made using a per capita approach. First, the authors estimated the portion of franchise fees in the neighboring cities that is paid by residents: 67 percent in Los Alamitos and 75 percent in Seal Beach. The authors applied the per capita approach to estimate the amount that would be generated under the annexation scenarios. The franchise fee estimates for the annexation scenarios differ primarily due to differences between these jurisdictions in the fee magnitude and scope. The analysis assumes that a Rossmoor city would levy franchise fees of a magnitude comparable to the average of the two neighboring cities.

Licenses and Permits

License and permit revenue in this analysis primarily involves building permits. Seal Beach residents may purchase parking permits for parking convenience in the downtown and beach areas. The cities charge property owners for burglar alarm permits and there are other miscellaneous license and permits.

This report estimated fiscal impacts for parking and miscellaneous permits using a per capita approach. For building-related permits, the authors first assessed the portion of building permits issued for residential remodel purposes in Seal Beach and Los Alamitos in FY 04-05 based on data provided by the Construction Industry Research Board. In both cities, residential remodels made up 35 percent of permit values. The authors estimated the Rossmoor fiscal impact by assuming that the only building permit revenue originating in Rossmoor would be composed of residential remodels since the community is built out. Focusing only on the portion of building permit revenue that is attributed to residential remodels, the Rossmoor fiscal impact is based on aggregate home values in the respective communities. In other words, building permit revenue is assumed to be proportional to housing values. For the incorporation scenario, the fiscal analysis assumes full cost recovery or, in other words, that building permits and plan check fees recoup the costs of development-related services.

Vehicle License Fees

Vehicle license fees (VLF) were formerly a two percent fee on the market value of motor vehicles, with a portion of that revenue distributed to cities based on population. Although the two percent rate has been reduced to the present 0.65 percent rate, the State General Fund made up the difference with an offset payment. From June to October 2003, the State suspended the offset resulting in one-time revenue losses to cities, which the State has repaid in FY 05-06.

Proposition 1A, passed by voters in November 2004, eliminated the VLF offset and replaced it with a like amount of property taxes. To finance the State budget deficit, the State reduced the VLF backfill payment temporarily in FY 04-05 and FY 05-06. This reduced the VLF backfill for cities. Beginning in FY 06-07, existing cities will receive the full VLF backfill with growth based on growth in the property tax base since the FY 04-05 base year. However, cities annexing developed areas like Rossmoor do not receive property tax in lieu of VLF on the value of property at the time of annexation. The current law only provides for annexing cities to receive the population-based component of VLF (a modest amount) and to receive the in-lieu property tax for growth in the property tax base that occurs in the year after annexation or thereafter.

Proposed legislation (AB 1602) offers incorporating and annexing cities \$50 per capita in additional vehicle license fee revenue in FY 04-05 dollars with the actual amount increasing annually (by approximately seven percent in the last year). In addition, the proposed legislation offers additional revenues to incorporating cities during the first five years of cityhood. Specifically, a Rossmoor city would receive an additional 50 percent in revenues (i.e., \$25 per capita) in its first year; this boost would decline annually until the new city's sixth year when it would stabilize at \$50 per capita (in FY 04-05 dollars). The legislation is projected to be passed by August 2006. Due to an urgency clause

⁶ For property tax purposes, the assessed roll value on January 1 of the preceding fiscal year reflects the tax base in the current fiscal year.

included in the current draft of the bill, the legislation would become effective immediately after being signed by the Governor.

The revenue estimates in this study have been provided both under existing law and under the assumption that AB 1602 is adopted.

Other Intergovernmental

In addition to vehicle license fees, cities receive other intergovernmental revenues. Such revenues may include competitive grants as well as revenues received by agreement with other agencies.

In the base year for this analysis, Los Alamitos received other intergovernmental revenues. Seal Beach did as well, but posted these revenues as transfers. For transparency of the results to the potential annexing agencies, the analysis has retained these reporting differences by the two cities.

For purposes of incorporation related estimates, the authors calculated the average per capita amount of other intergovernmental revenues received by comparison cities: Los Alamitos, Seal Beach, Villa Park, Laguna Woods, Rancho Palos Verdes, and Palos Verdes Estates.

Charges for Services

Cities levy service charges and fees for a variety of purposes, including recreation programs,

In the base year for this analysis, Los Alamitos received other intergovernmental revenues. Seal Beach did as well, but posted these revenues as transfers. For transparency of the results to the potential annexing agencies, the analysis has retained these reporting differences by the two cities.

Charges for services were estimated using various approaches depending on which was most relevant to the particular charges. Plan check and related charges were estimated using the same approach as was used for estimating building permit revenue. Alarm, sweeping, tree trimming and other miscellaneous fees were estimated on a per household basis. Recreation revenue estimates were premised on the assumption that 85 percent of Rossmoor residents are already relying on Los Alamitos recreation programs.

Seal Beach directly collects solid waste service charges and remits them (net of an administrative charge) to the solid waste hauler. As a result, service charge revenues under the Seal Beach annexation scenario are relatively high compared with the other scenarios.

Investment Earnings

Investment earnings include not only interest but also rents on any City-owned properties. In this analysis, such revenues were estimated on a per capita basis for the annexation scenarios. This approach is most relevant since the analysis is focused on the long-term, or steady state, impact of the governance changes rather than being a

comprehensive cash flow model. In the incorporation scenario, the analysis simply assumes that existing RCSD interest revenues would be earned by the incorporating city.

It should be noted in all cases that the RCSD fund balance would transfer to the annexing city or to a new Rossmoor city. At present, the unreserved fund balance is approximately \$1.4 million. Clearly, under any of the scenarios, actual investment earnings would likely be greater than has been estimated in this analysis.

Fines and Forfeitures

Cities receive revenues primarily from fines for moving violations and parking tickets.

In addition, Seal Beach receives fees from inmates staying in the city's jail due to a relatively high service level in the city jail compared with other alternatives. In this analysis, jail related revenues (and costs) are assumed to increase as a result of annexing Rossmoor based on the percentage increase in police service calls.

Expenditures

This analysis estimates the expenditure effects of the scenarios. The annexation analysis assumes that the existing Los Alamitos and Seal Beach service levels and cost structure would be implemented in the annexed area, and does not assume that scale efficiencies would be gained. The incorporation analysis assumes that the existing County and RCSD service levels would be retained and that the County would provide contract services (Sheriff and streets) at rates comparable to current costs.

City Council

The Los Alamitos annexation scenario assumes that council expenses would increase 40 percent as a result of annexation. The city's charter has a provision that two additional council seats would be added in the event the city should grow in size of the magnitude involved in annexing Rossmoor.

The Seal Beach annexation scenario assumes that council expenses would be unaffected.

The incorporation scenario assumes five council members would each receive a stipend of \$250 monthly and that council expenses (i.e., memberships and travel) would cost \$35,000.

City Manager and City Clerk

City Manager and City Clerk expenses involve certain costs, such as attending and supporting council meetings, that do not relate to city size and other costs, such as managing employees and responding to constituent requests that do increase with both city size and the scope of services provided directly by the city.

The Los Alamitos and Seal Beach annexation scenarios assume that 75 percent of City Manager and Clerk expenses are fixed costs in that they do not relate to city size. The remaining 25 percent of existing costs is assumed to relate to workload and activities that

would increase if Rossmoor were annexed and those costs were estimated using a per capita approach.

The incorporation scenario assumes that the new city would directly provide city management and city clerk services with a staff of three: a city manager, a city clerk and an assistant. The cost estimates include employer-paid taxes, employee benefits (a cafeteria plan of \$12,000 per employee as is used by Laguna Woods), and expenses. Detailed assumptions for compensation levels and expenses may be found in the detailed tables at the end of this report.

Administrative Services

Administrative services involve the accounting, treasury, human resources and information technology functions.

The Los Alamitos and Seal Beach annexation scenarios assume that 50 percent of Administrative Services expenses are fixed costs in that they do not relate to city size. The remaining 50 percent of existing costs is assumed to relate to workload and activities that would increase if Rossmoor were annexed and those costs were estimated using a per capita approach.

The incorporation scenario assumes that the new city would directly provide these services with a staff of two: an accountant and an assistant.

City Attorney

City legal services include attendance at council meetings as well as handling of litigation.

The Los Alamitos and Seal Beach annexation scenarios assume that 67 percent of legal services are fixed costs in that they would be unaffected by annexation. The remaining 33 percent of existing costs is assumed to relate to workload and activities that would increase if Rossmoor were annexed and those costs were estimated using a per capita approach.

The incorporation scenario assumes that the new city would retain a law firm to provide legal services. Estimated annual costs are \$100,000. By comparison, Palos Verdes Estates spends approximately this amount on legal services and Villa Park (somewhat smaller in size) spends substantially less. Legal expenses for cities such as Los Alamitos with their own police departments are not comparable as the contemplated Rossmoor city would not be providing such services directly.

Nondepartmental

Nondepartmental expenses include general overhead expenses, such as building maintenance, auto expenses, capital leases, general liability insurance, and workers' compensation.

Los Alamitos and Seal Beach differ in the extent to which certain expenses are classified as nondepartmental. In addition, Seal Beach makes certain debt payments from its general fund that are included as nondepartmental expenses.

For the annexation scenarios, building maintenance expense impacts are expected to be comparable to existing RCSD expenses for building maintenance. For the annexation scenarios, most other nondepartmental expenses are assumed to increase in proportion to the estimated fiscal impact of Rossmoor annexation on expense categories staffed directly by city employees.

For the incorporation scenario, building maintenance is estimated to cost 20 percent more than the existing RCSD expense. Insurance is estimated to cost \$75,000, which is substantially higher than the amount paid by Villa Park (a contract city); insurance costs depend primarily on City payroll and the scope of City operations but also on litigation history and other risk factors. The analysis provides for five vehicles to be leased by the new city in addition to a fuel and repair budget. In addition, the analysis provides for a \$100,000 contingency fund under the nondepartmental budget; in light of the \$1.4 million fund balance that would transfer from RCSD to the new city, the new city would also have substantial reserves to draw upon for one-time expenses.

Public Safety

Law enforcement is provided directly by Los Alamitos and Seal Beach. Rossmoor is presently served by the Orange County Sheriff. Service levels vary among the providers. All scenarios assume that each provider's service level remains the same. In other words, annexation to Seal Beach (where response times are lower than in Rossmoor) would involve policing expenses on a par with existing service levels in Seal Beach.

For the most part, the annexation scenarios assume that most law enforcement costs would be affected based on the increase in police-related service calls that would result from annexation. The incorporation scenario assumes that Sheriff would provide by contract services at a rate comparable to the existing cost.

If annexed to Seal Beach, there would be no net fiscal impact for fire and paramedic service. According to OCFA, Seal Beach would be expected to pay an increase in its contract fee equivalent to the Rossmoor property tax amount currently distributed to OCFA. Annexation to Seal Beach would mean that the Rossmoor property tax going to OCFA would transfer to Seal Beach.

Seal Beach annexation is estimated to increase that city's animal control costs based on the per capita approach. Similarly, animal control expenses for the incorporation scenario are assumed to be comparable to the marginal fiscal impact on Seal Beach or, in other words, that the new city would contract for service with Seal Beach.

Urban and Community Development

Urban and community development functions include planning, building inspection and code enforcement. Much of these service costs are development-related. Although

Rossmoor does not have vacant land for new construction, there is substantial remodeling activity that would require related permits and planning services.

For building and planning costs, the authors first assessed the portion of building permits issued for residential remodel purposes in Seal Beach and Los Alamitos in FY 04-05 based on data provided by the Construction Industry Research Board. In both cities, residential remodels made up 35 percent of permit values. The authors estimated the Rossmoor fiscal impact by assuming that the only building and planning cost impacts would be composed of residential remodels since the community is built out. Focusing only on the portion of building permit revenue that is attributed to residential remodels, the Rossmoor fiscal impact is based on aggregate home values in the respective communities. In other words, building and planning marginal costs are assumed to be proportional to housing values and related permit revenue. For the incorporation scenario, the fiscal analysis assumes that the new city directly employees a planning administrator and retains a private firm to provide planning counter, code enforcement and building inspection services. This approach is used in neighboring Los Alamitos where these functions are staffed by a private company, but yet provide service from city hall.

Public Works

Public works expenses include both operating costs typically paid by the general fund and capital costs typically paid through capital funds. Operating costs include activities such as tree trimming, street sweeping, and complying with stormwater regulatory requirements; whereas, capital costs involve expenses such as rehabilitation of street pavement or replacement of trees.

Because Rossmoor is a walled community and includes no arterials, there is substantially less traffic volume (and related wear and tear) on Rossmoor roads than on average in Los Alamitos and Seal Beach. Thus, estimated traffic volume is a significant factor in the cost analysis.

Los Alamitos and Seal Beach differ in financing public works activities. In the annexation scenarios, street maintenance expenses are estimated based on traffic volumes. Street sweeping expenses are estimated based on street mileage. Engineering expenses are estimated based on residential remodel activity. In addition to operating expenses, the report identifies recurring street capital expenses of the two cities based on their respective capital improvement plans and estimates the capital costs of providing a similar level of service in Rossmoor. Street capital estimates are based on traffic volume. Sidewalk costs are based on street mileage with an extra 20 percent premium added to account for the concentration of trees in Rossmoor and related effect on sidewalk repairs. Tree-related capital cost impacts are assumed to be equivalent to the existing RCSD expense for tree replacement.

For the incorporation scenario, the analysis assumes that the new city would directly employ a public works administrator who would also function as the city's engineer. In addition, the new city is assumed to contract for tree trimming, street sweeping and street

lighting at the existing RCSD operating expenses. The new city is also assumed to contract for storm drain maintenance. The new city is assumed to contract with Orange County for street maintenance at the existing cost of the County's services on Rossmoor pavement. In addition, the analysis assumes the new city would contract for capital expenses for sidewalk, curb and gutter repair at rates comparable to those paid by Los Alamitos and Seal Beach and that the new city would continue to expend \$20,000 on replacement of trees. The new city's street capital revenue stream—gas tax allocations and Measure M funds—would cover identified capital expenses without need for a general fund contribution.

Parks and Recreation

Parks and recreation expenses involve park maintenance and recreation programming.

Annexation-related cost impacts are based on assumptions regarding existing use by Rossmoor residents of Los Alamitos recreation programs. Although RCSD offers limited recreation programming, neighboring Los Alamitos offers substantially more recreation services. Based on interviews with RPC members, the report assumes 85 percent of Rossmoor residents already rely on Los Alamitos recreation. Annexation to Los Alamitos is assumed to increase costs only based on the remaining 15 percent of residents who would be expected to begin using Los Alamitos recreation services. Annexation to Seal Beach is assumed to increased costs marginally assuming that 10 percent of Rossmoor residents already use Seal Beach recreation programs, 40 percent shift to using Seal Beach, and the remainder continues to use Los Alamitos.

Park maintenance costs are estimated based on existing service levels. In the annexation scenarios, the analysis assumes that the annexing city's existing expenditure per park acre would be applicable to the 17 park acres in Rossmoor for which the new city would become responsible. In the incorporation scenario, the new city is assumed to spend the same amount on park maintenance as is currently spent by RCSD.

The incorporation scenario also assumes that the new city would continue to spend the same amount on recreation programming as is spent by RCSD and that 25 percent of the planning administrator's time would be allocated to managing park maintenance and recreation functions.

Miscellaneous Costs

Miscellaneous costs include capital outlays and transfers from the general fund to other city funds. This cost category is only applicable to the annexation scenarios.

Los Alamitos provides for capital outlays and also transfers from the general fund to a capital fund and to support the Air Force Reserve Center pool. The analysis provides for Rossmoor related expenditures for capital outlays using a per capita estimation method. Annexation would not affect the transfer for the pool. Annexation would not affect capital transfers as gas tax and Measure M revenue would cover street-related recurring capital expenses in Rossmoor at existing Los Alamitos service levels.

Seal Beach miscellaneous expenditures include pass-through of garbage fees to the hauler, capital outlay (vehicles), transfer to subsidize the Tidelands Beach Fund, and transfer for capital projects. The garbage hauler payment was estimated based on per home costs, since this service is residential. The capital outlay for vehicles was estimated based on the percentage increase in Seal Beach costs for directly staffed functions. Annexation would not affect subsidy needs for the Tidelands Beach Fund. The transfer for capital projects was estimated based on the funding need for street capital projects (i.e., the amount of street capital needs that would not be covered by gas tax and Measure M).

Rossmoot Community Presiminary Fiscal Impact Analysis—General and Street Funds Annexation to Los Alamitos Scenario Figures in FY 04-05 dollars

	Existing City	Rossmoor		
	of Los	Annexation	P.	
GENERAL FUND	Aismitos	Impact	Amexation City	5 5.2
General Fund Revenues	19,512,087	\$3,330,550	\$12,842.637	
1 2003	\$6,565,777	52.442.732	80.008	
Property Tax	21,206,584	\$814.707	\$2 021 201	Roberts Comment from Course 19 Vill Ok.
Lighting Distract	1194,269	\$174 597	776 8713	Trace for CBCD Library (1.1 0.00), ESTABLES 40.002.70 OF COLINY STATE CREDICES
Sales Tax	1330,701	E12190	£3 042 801	Property of the second
Transferst Occupancy Tax	572 160	S	100/10/10	No succession of the successio
Documentan Transfer Tax	184 000	0,0 /20	001.7.4	No botes in Kosmoor
Pranchas Fees	100 000	01/95	1140,739	Altocated on assessed value, assumes Rommoor turnover rate is average of Seal Beach and Los Alamitos
(thirt Heers Toy	And And	1315,307	1854,611	Per capita allocation for 67% of existing Los Al revenue; remainder a non residental
Accessions	91,038, 30	1869,310	C,508,040	Assumes \$325 in utility sales monthly per bousehold (phone, water, gas, power)
DI TOTAL DE LA CONTRACTION DEL CONTRACTION DE LA	118.949	S.	\$18,949	Assumes that this modest Los Alamitos assessment is not extended to Rosamoor
Lucibes of remain	\$534,462	\$61,132	1595,594	
Comuls Building and Planning	\$146,710	\$59,332	2000042	Allocate on apprecase home water the transferous remodel share (36%) of Lea Alamites commit values
Business Lucinse Tax	1387,752	008'15	1389 552	18 humbers of Resembly Viller Course and second to have 1.76 and
Integovernmental	\$985,993	1263,564	11 249 557	
VLF	\$760,055	50 1, 00	\$826.461	Hers \$6.34 per centre of 6.8 1600 peaces 10 B mouth cate \$52.000 attitude.
Other	\$225,938	\$197,158	2403 090	Per renties allocations
Charges for Services	\$726,739	\$10,018	8828 658	Try where a contract the contract to the contr
Recreation Pres	\$635,210	\$47.737	TA9 CRX	According 950, of the common data at the state of the sta
Plan Checks	254,866	\$22.189	\$77.05E	Allocate on a resonance testional archoe use 1.08 Aumitor (cereation) programs
Alten Fees and Other	135,663	131 901	727 673	D
Use of Money & Property	\$108,494	10 to	6201 149	Presentation and the second
Fines & Portaines	\$152,664	812111	007 500	רכן בקדונו אוסכונסט
Parking Citations	192 622	012/013	700'00'4	
Vehicle Violations	100	100 to	\$155,074	Altocated 75% of revenue using per capita approach, remainder is assumed business related
Contabuacus	361.13	ioc'ect	SIX NA	Abouted 75% of reverse using pot capita approach, temanider is assumed business related
Miscellancous	200,000		\$1,125	Unaffected by americation
Thursters	227.75	100 000	1244,469	Mostly worthered (miscellaneaus remburecents), 25% ulocated tuing per capits approach
General Fund Expenditures	60 447 080	000,001 C	977 374	Per catain allocation
General Government	65 (111) 303 67 (100) 833	O++10**, 'C*	\$15,168,435	
City Council	K ON BY	696,167	12,882,701	
City Manager (1175 Ch. 4	000//4	530,828	\$107,892	40% cost increase due to someration triggered change from 5 to 7 courses seats
A derical transfer	546,182	\$119,152	\$665,334	Per captic ribotation for 25% of costs, retreating 75% uneffected (faced operating costs)
SOMETHING THE PROPERTY OF THE	1464,448	1202,644	1667,092	Per capita alboration for 50% of costs, remaining 50% unaffected (treed cognitive costs)
Agricultural for the second for the	2800842 2480842	\$R3,752	1374,594	Per capite allocation for 33% of costs, tennaning 67% uniffected (fixed operation costs)
Tanking distriction				
Designing management	1157,194	1120,530	127772	Existing RCSD building maintenance expense
Kechiment	147,687	141,613	\$89.300	December 1938's increase in contraction designates from the formations
inturance public lability & worker's comp	1372,840	1142,072	\$514,912	Integral have no 18% normals in court for the other as Med Cite formal and
Benefits lability reserve	\$120,962	\$46,101	\$167.083	Increase hand on 18%, monage in come for description of the form
DRS 125 medical	13,591	45 170	VEC 013	Toward Carlo Do in the page of the Carlo State Carlo S
		2.162	0110	ATTACHED BASED ON SOME THE PARTY TO THE CONTROL OF THE PARTY OF THE PA

continued

144,000 None farmus contrabation unaffected
160,079 None affected securing street-related capital projects are fally funded. See capital fand below

87,860,550 RCMD unreserved fund balance (general and rapital projects) would tanafer to the anneaing out 1225,799

\$1,477,000 \$389,897 \$1,087,103

\$6,383,550 \$64,098 \$6,447,648

\$46,995 \$78,655

Pursters Air Porce Reserve Center pool

Captal property General Fund Balance Beginning, Undergoused Surplus Debesi Ending Balance

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110 1755,693 Allocated based on direct expendinges 1825,775 Allocated based on park acrange 1872,335 Assumes 85% of Rosmood residents already use Los Alamitos recreation programs 1868,791 Per capita allocation Annexation Cay 11.787.666
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11.18.9623 \$154,368 Rosmoor Communy Preliminary Fiscal Impact Analysis—General and Street Funds
Annexation to Los Alamitos Scenario Annexation | Hotelee | Hote Existing City 9 Administration & economic development Street mantain street, supuls, drans, GENERAL FUND
Public Safety
Polec identisation
Polec identisation
Investigation
Deputh and records
Coston guards
Police and
Sute group supported functions
Europency auto Pleasure Neighbothood preservation Building inspection Figures in FY 04-US dollars Administration
Park maintenance
Recreation programs
Capital Outley Engineering Street sweeping blic Works

Rossencor Community Preliminary Fiscal Impact Analysis—Street Capital Fund Annessation to Los Alamitos Scenario Figures on FY 64 05 dellas

	Existing City	Rossmoor		
	% Los	Annexation	Post-	
CAPITAL PUND	Alaquitos	Impact	Annexation Gry	20Z
Street-Related Revenues	1275,000	\$255,425	\$530,425	
(54 148)	000(52)	\$133,407	\$158.407	Per capita allocation ner Californa code ner of transfers into the centeral land
Laffic improvement land	000'002\$	2	200,000	Undected/invace free from Course descourses.
Meaning M	000'003	\$122,019	1152019	Messure M formula state, sames no state of connective Measure M funds
Transfer from General Fund	20,000	2	000 023	None worked in General security and a security
Annual Recurring Capital Expenses	\$275,000	\$145,039	\$420.039	
Sidewalk repain	000'053	135,751	165.751	Afforested based on street miles and added 20% coat premium for tree imparts on aderralls
Emprency street repairs	110,000	\$3,968	113,968	Allocated based on estimated dark velace make of tarine (DVMT)
Arterial tree program	000,000	200,023	\$40,000	Basistan RCD emerge for tree cantal
Street markings	\$15,000	15,951	120,953	Allocated based on astronauted date vehicle only not traite (DVMT)
Residential street un provements	000'002\$	\$79,367	790,967	Allocated based on estimated daily vehicle miles of traffic (DVMT)
resumment street upprovements	000,000	\$79,367	190,010	Allocated based on estimated daily

Rossmoor Community Preliminary Fiscal Impact Analysis—General and Street Funds Ameration to Seal Beach Scenario Figures in PY 04-05 dollars

		Kossmoor		
GENERAL FUND	Existing City of	Authorition	Post.	
9 7 7 13 1 2 2 2 2	See Desco	Impact	Appearation City	Note
TOTAL MENGINER	\$24,407,081	15,073,713	\$29,480,794	
1 2003	\$14,687,206	\$3,852,491	\$18,539,687	
Property				Rossmoot figures from County (FY 05-00), assumes 53,8684% of County states transfers, sssumes OC Fire
- 100 M	14,588,000	12,021,362	\$6,611,028	share transfersSeal Brach pays for OCFA service as contract provides
X81 635	13,866,139	\$212,100	\$4,078,239	Rossmoor bigures from County (PY 03-04)
Carterial Occupancy Lax	\$623,836	S.	\$623,836	No hobbit in Rosanoor
Downentery Transfer Lax	\$101,153	\$56,710	\$157,863	Allocated on page of white manufact Rostmoore histories rate is everyoned from Beauty and I as a fermione
Barnel Tax	\$148,730	8	\$148,730	Assumes no oil in Rosemoor
Utility Lines Tax	200 Aug 14			Assumes \$300 in utility sales monthly per household (phone, gas, power) and 11% are exempt (senior
Pathebae Fees	317 C 20	11,309,315	15,855,322	households with income < \$38,500)
-And Chindrate	2017	101,000	\$1,064,669	Per capita allocation for 75% of exaiting Seal Beach covering; remainder is non-rendential
Licenses & Percent	2	\$26,162	\$96,162	Transfer of RCSD lighting/landscaping revenue net of emiting lighting expense
Parline Deserte	\$2,151,459	130,090	\$2,341,549	Per capita allocation
The state of the s	\$91,442	\$37,806	\$129,248	Per capita allomaton
D. D. T. C.	\$1,568,559	11,800	\$1,570,359	18 businesses at Rossmoor Village Square, tax as \$100 per business
Designing-Related Permits	\$451,909	\$134,133	1586,042	Allocate on agreente home values the residential remodel share (35%) of Call Bouch rooms who
Other Lucrates & Permits	\$39,549	156,351	155,900	Per caratta allocation
Intergovernmental	\$1,720,194	\$66,406	\$1.786.600	
VLP	\$1,821,594	\$66.406	\$1 898 000	[] are to the part of the lates and the part of the lates and the lates
Other	-\$101,400	9	1101 400	Entranscent of the transferency to the countries and the countries of the
Charges for Services	\$2,666,913	1354 484	£101 107	A STATE OF THE PROPERTY OF THE
Refuse Service Charges	\$826,762	C211 00B	1000100	
Rembusemens	\$472.108	S	00,000,10	Autocated per nome (actures a reasonnes). Rosamoor readents would pay the City directly
			\$1,2,108	Unified teachbursements from developers and City enterprise funds)
Roczeston Pers	\$430.490	47.8 27.5	0074	Assumes 10% of Rossmoor arsidents abreign use Seal Beach mensation programs, 40% shift to using Seal
Plen Checks	1214 026	02,133	000,000	Delicit, certainder continue to use Los Attentos
Other Changes	1721577	CA1 766	060°180	Automate on aggregate notice values the instructional remodel share (35%) of Soal Beach permit values
Use of Money & Property	\$491,794	E-201 3.77	F405 131	ret movement auceanon for america portion (e.g., sterm, sweeping, and use turning fors)
Fines & Porfestures	\$1,196,161	193 041	131,121	FIG. CARAGE BEOCKEON
Packing Citations	\$579.456	£50 003	401000174	- Value C - Ha
Vehicle Violations	\$211,483	20000	96,00	Allocated 23% of revenue using per capita approach; urmander a assumed brach, and huantess related
Jail Focs	£170 01X	000777	897,252	Allocated 25% of revenue using per capita approach, remainder is secured beach, and business related
Miscellancous	494 107	1 5 5 C	13.6	increase based on service call volume in Rossmoos
Capital leases assued	200 7613	SCL A	137,000	Per casa la allaca boss
Miscellancous	11 066 111	24,300	1147,296	Allocated based on impact on police expenditures (for consistency with related expenditure stem)
Tunsfers	AIV 5063	6111 304	31,097,356	Mostly unaffected (\$990,537 developes donation), per capita allocation for affected portion
	010,010	3113,330	¥15,522	Per capita allocation of gas tax transfer amount, remainder unaffected (RDA and CFD temphasements)

Rosemoor Community Preliminary Fiscal Impact Analysis—General and Street Funds Amnexation to Seal Beach Scenario Figures in FY 04-05 dollars

		Rossmoor		
	Exserng City of	Agnexation	Post.	
	Seal Beach	Impact	Appearation City	30 Z
General Fund Expunditures	119,253,682	£453,763	\$23,707,445	
General Government	14,286,011	1848,490	\$5,134,501	
City Council	\$67,253	2	\$67.253	Unaffected: course continues to consist of 5 members elected by district
Gry Manages/City Clerk	\$727,233	\$75,167	1802.400	Per cerata allocation for 25% of costs, semanaire 75% usaffected (fixed operators costs)
Administrative Services	\$473,393	197,860	\$571.353	Per carsis allocation for 50% of costs; remaining 50% unaffected (Exed operating costs)
City Attorney	\$471,747	\$64,363	\$536,110	Per capita allocation for 33% of costs; remaining 67% unaffected (twed operating costs)
Bulding meintenance	\$442,415	\$120,530	\$562.945	Exerting RCSD building magnitumence expense
Auto mantenance	\$246,480	149,013	\$295,493	Increase based on 19% increase in cours for directly suffed City functions
Insurance: public lability & worker's comp	\$866,466	\$62,271	\$1,038,764	Increase based on 19% increase in costs for execute staffed City functions
Nondepartmental	\$654,598	\$130,168	\$784,766	Incresse based on 19% incresse in costs for directly staffed City functions
Debt payments	\$336,426	\$139,092	1475,518	
Capatal equapment lease	\$142,043	45,23	\$167,477	Vehicle foure purchase egizements, increased based on police expense increase
CPA lease	\$80,000	\$11,035	\$91.025	Per cerate allocation for 1/3 of this term; remainder a sentimed to be beach related and unaffected
Other	\$114,383	2	\$114.383	Capital property improvement lease unaffected by amountains
Public Safety	505,008,03	\$2,328,146	\$12,128,351	
Police administration	\$2,204,152	1394,671	\$2.598.823	inscrease based on % processe in patrol and deternitors
Patrol/field services	\$3,447,093	644,898	1661601	Increase based on service call volume in Rosemoor (75%) and per capits (25%)
Detention	\$410,352	\$45,809	\$456.161	Increase based on service call volume in Rossmoor
Pire/paramedic	\$3,569,265	11,172,755	\$4,742,020	Per OCFA, existing Rossmoot financing of OCFA is contract prount increase
Assimal control	\$169,343	170,013	1239,356	Per carette allocation
ommunity Development	\$1,089,874	1323,490	\$1,413,364	
Administration	6306,199	\$87,916	\$384,115	Allocated based on % mercase in direct enems (plantame and building matter bon)
Plansang	\$315,081	\$93,520	\$408,601	Allocate on agranate home values the residential remodel state (35%) of Seal Beach permit values
Building unspection	¥78,594	\$142,053	\$620.647	Allocate on apparatus borne values the residential remodel share (35%) of Seal Beach permit values
Public Works	\$1,076,557	1376,151	\$1,452,708	
Street patch, signals, surrepung, mees	\$65,914.\$	1274723	11,050,821	Allocated based on caturated delly vehicle miles of traffic (DVMT)
Storm drain memtenence/NPDES	\$249,916	\$87,070	\$336,986	Allocated half based on street rules, remainder is assumed to be related to beautifront which is wasffected
Engoerang	\$50,047	\$14,855	164.902	Afficiate on servicese home values the residential remodel share (35%) of Seal Beach permit values
Culture & Recression	\$948,877	\$202,927	\$1,151,804	
Activitis tration	\$210,165	144,946	\$255,111	Allocated based on direct enganditues (path and recession)
Park/landscape maintenance	\$216,164	174,996	1521	Allocated based on park acreege
Recreation programs	6630 649	000	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Assumes 10% of Rosensoon residents strendy use Seal Beach recuestion programs, 40% shift to using Seal
Trash Collection		000/504	\$50,00 \$	Beach, commune to use Los Asimites
abital Diffice (utter ten	1000, 123	1367,387	1,138,116	Fer frome alboarbon, service is entirely meadernial
	\$102,982	1.30,478	\$123,460	Increase based on % increase to costs for descrip staffed functions
Taribics .	\$1,356,646	\$104,693	\$1,461,339	
Capture projects	\$88,020	\$104,693	\$993,713	Transfer amount needed for recurring street related captual coats not of gas tax and Mousure M
indefends Beach Fund subsidy	1467,626	S.	1467,626	Assumed to be unaffected by anneation, no beach land is located in Rosamoor
General Fund Balance				
Beginning Undergrated	\$7,168,430	\$1,477,000	\$8,645,430	RCSD unreserved tund bulance (general and capital projects) would tunater to the annexant city
Sumbus / Defect	15,153,399	056 619	\$5,773,349	
Enching Balance	\$123,152	056,950	\$14.418 779	

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Rosemoor Community Fiscal Impact Analysis—Street Ameration to Seal Beach Scenario Figures in FY 04-05 dollars	s-Street Capital Fund			
		Rosemoor		
	Existing City of	Annexation	Post-	
CAPITAL FUNDS	Seat Beach	Impact	Annexation City	Note
Street-Related Revenues	\$745,000	862,095	\$1,044,298	
Gas Tex (net of general fund transfers)	\$137,625	\$72,587	\$210,209	Per capita allocation per Cahlornia code net of transfers into the general fund
Megaure M	\$779,443	\$122,019	\$401,462	Measure M fournals share; senance no there of competitive Measure M funds
Transfer from General Pund	1327,935	\$104,693	1432,628	Transfer amount needed for recurring street-related capital coats not of gas, and Mossure M
Annual Recurring Street Capital Expenses	\$745,000	807,0023	11,044,298	
Sidewalk / outb / gutter repairs	000'05\$	141,807	191,807	Allocated based on street miles and added 20% cost premium for tree appact on side wilks
Local paverners rehab	\$255,000	\$90,044	1345,044	Allocated based on estimated duly vehicle miles of traffic (DVMT)
Artenal pavement repub	\$315,000	\$111,231		Aboated based on estimated daily vehicle quies of traffic (DVMT)
Street scaling	\$100,000	\$35,312		Alborated based on estimated daily vehicle miles of raaffe (DVMT)
Street tree planting	000 523	130,904	15,934	Allocated based on street made and added 30% cost premisers for too concentration in Resursion
Lighting District				
Revenues	\$142,141	\$78,435		Transfer of RCSD lighting / undecaping revenue portion currently used by RCSD for lighting expense
Experioditues	\$131.372	\$78 435		Existing RCSD lighting empire

Rossmoor Community Preliminary Fiscal Impact Analysis—Ceneral Fund Rossmoor Incorporation Scenario Figures in FY 04-05 dollars

	Rosemoor	
	Incorporation	
GENERAL FUND	Impact	Zoe
General Fund Revenues	\$3,069,659	
Taxes	\$2,456,140	
į		Rossmoot ligures from County (FY 05-06); assumes 50% of County share transfers to new city. In reality,
Property 1 ax	\$824,649	the transfer share is negotiated and based partly on County costs.
Lighting District	\$174,597	Existing lighting/landscaping assessment
Sales Lax	\$212,100	Rossmoor figures from County (FY 03-04)
Transient Occupancy Tax	O\$	No hotels in Rossmoor
Documentary Transfer Fax	\$56,710	Allocated on assessed value, assumes Rossmoor tumover rate is average of Seal Beach and Los Alamites
Business Lucinse Tax	\$1,600	Assumes new city imposes \$100 tax on each of the 18 busineses at Rossmon Villam Sound
Utility Esecs Tax	\$902,634	Assumes Rossmoor mooses 7% tax with exemptions for seniors with < \$18 500 incomes
Franchise Fees	1283,651	Assumes franchise fees imposed at average of Los Alaminos and Seal Beach rates
Licenses & Permits	\$148,152	
		Assumes building permits and plan check fees achieve full cost recovery for building inspection. for 50%
Building-Related Permits	\$131,800	of planning, for 25% of urban development administration, and for 50% of engineering costs.
Other	\$16,351	Assumes new city charges alarm and miscellaneous permits at Seal Beach cares
Intergovernmental	\$182,363	
a la	707 773	Uses \$6.34 per capita, if AB 1602 passes VLF would raise \$786,000 additional in year 1, \$524,000
	400,400	additional in year 6
October	4 113 069	Per capita average: Los Alamitos, Seal Beach, Villa Pack, Laguna Woods, Rancho Palos Verdes, Palos Vandos Comercia
Charges for Services	£127 542	Y CLUCS L'SQUEC'S
Recreation Fees	\$40,450	Existing CSD recreation fee revenue (budgeted FY 04-05)
3		Assumes building permits and plan check fees achieve full cost recovery for building inspection, for 50%
Plan Checks	\$59,215	of planning, for 25% of urban development administration, and for 50% of engineering costs.
Other	\$37,879	Assumes mixellaneous charges (e.g., alarm fees) are average of Los Alamitos and Seal Beach
Use of Money & Property	\$12,225	Existing CSD interest revenue (budgeted FY 04-05)
Fines & Forfeitures	\$95,723	
Parking Citations	\$60,222	Assumes lines are average of Los Alamitos and Seal Beach
Vehicle Violations	\$20,724	Assumes lines are average of Los Alamitos and Seal Beach
Miscellaneous	\$4,777	Assumes tines are average of Los Alamitos and Seal Beach
Miscellaneous	\$37,513	Assumes per capita average of Los Alamitos and Seal Beach miscellaneous revenues

continued

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Rossmoor Community Preliminary Fiscal Impact Analysis—General Fund Rossmoor Incorporation Scenario Figures in FY 04-05 dollars

	Incorporation	
GENERAL FUND	Impact	Note
Cremeral Fund Expenditures	\$3.049.148	
General Government	\$998,321	
City Council	\$51.148	\$300 monthly stinend supplies transland membershine for 5 member council
City Manager / Gity Clerk	\$309,072	City Manager, clerk and assistant salaries, however, and excuse, Rat Onto
Administrative Services	\$189,133	Accountant and assistant salaries, herefits and eventues (\$60,000)
City Attomey	\$100,000	ASSUTHES CONTRACT With Onivate attorney (compagnite to Pales Vender Reserve Police Hills Between
Nondepartmental	\$348,969	Constant of the Assetted Constant of the Assetted Constant of the Assetted
Building maintenance	\$144,636	Existing RCSD expense plus 20 percent additional
Insurance: general lability	\$75,000	Conservative assumption, substantially lower than other small contract crises (Villa Pack Bradhura)
Vehicle lease and maintenance	\$29,333	5 vehicles: Lease, fuel and maintenance
Contingency	\$100,000	
Public Satety	\$1,170,013	
Police and supplemental traffic enforcement	\$1,100,000	Assumes new city contracts with Sheet F
Animal Control	\$70,013	Assumes contract service with Seath
Urban Development	\$325,693	
Administration	\$100.678	Assumes 75 FTE staff administrator salars have fire and account. (430 pm)
Planning	\$120,939	Assumes contract service with private remarker (1728 men house at \$70 ft
Code enforcement	\$25,000	Assumes contract service with remains occurring
Building inspection	\$79,076	Assumes contract cereire with oceane consider 010 man have a fag from
Highways & Streets	\$409.462	STATE OF THE PROPERTY OF THE CONTRACT OF THE POST ROLLS
Administration	\$102,601	Assumes & FTH cost administration from the following the following
Street maintenance	135,000	Content with Content with Content of the Content of
Street lighting	\$78 435	Frience (3) and county, see capital fund. Existing U.M. expense for tree framming.
Street sweeping	\$40.824	Existing (N) extends contract contract
Storm drain maintenance	\$50,000	Contract service
Enguiecrung	\$52.603	Assumes Selle advicing cope (
Culture & Recreation	145,659	and the second second control of the second
Administration	£43.559	Assimiles 25 FTE staff administrator calam beaufer and
Park maintenance	189,100	Existing (SD) expense
Recreation programs	\$13,000	Baisting CSD expense
General Fund Balance		
ก็ตรากกฤษ Undesignated	\$1,477,000	RCSD unreserved fund balance (general and capital projects) would transfer to the seem ele-
Surplus/ Deficit	130,511	מינים אינים
Ending Balance	117 207 13	

Rossmoor Community Preliminary Fiscal 1	Impact Amakana	
Rossmoor Incorporation Scenario	tenkis (remay sometime	
Figures in FY 04-05 dollars		
	Ковятоог	
	Incorporation	
CAPITAL FUND	Impact	30 Z
Street-Related Revenues	1309,297	
Gas Tax	\$187.279	Per capita ullocation cor California code.
Measure M	1	Manual M.
Transfer Iron Connect Day	10 miles	pressure in rothing snare, assumes no share of competitive Measure M tunds
The second secon	O.	Amount paid out of general fund above
Аппия Кеситінд Ехрепяся	\$298,678	
Sidewalk/curb/gutter repairs	\$38,779	Contract service (average of Seal Beach and Los Alamitos expanse prometate)
Pavement improvements	\$239,899	Contract with County (existing County expense)
Trees	000 003	Tree trail assembly hidden Freignar CCD among
	2225	

Incorpora	Incorporation Scenario	Salary	rio Salary, Expense and Contracts Assumptions	se and (Ont	racts	Assum	ptions		
NEW STAF	NEW STAFF POSITIONS									
	;			Emp.						
Department Position	Position	#	Base Salary Tax		Benes	s	Expenses	s Total	Emp. Tax included	
City Council Member	Member	r.C.	3,000	7.65%			\$ 35,000	51,148		7
City Manager	ity Manager City Manager	-	118,000	9.65% \$	•	12,000	\$ 45,000	186,387		1
Caty Clerk	City Clerk	1-	55,000	9.65%		12,000	•	72,308		7
Caty Clerk	Assistant	1	35,000	\$ %59.6		12,000	\$	50,378		Ţ
Admin Svcs	J	1	70,000	9.65%	- -	12,000	\$0,000	138,755		_
Admin Svcs	Assistant	1	35,000	9.65%		12,000	-			_
Planning	Administrator	0.75 \$	75,000	%59.6	¥ ~	12,000	\$ 30,000	100,678		T
Pub Works	Admin/Engmeer	0.5	85,000	9.65%		12,000	00005			1
Pub Works	Admin/Engineer	0.5 \$	85,000	9.65%		12,000	•	52,601	FICA. Medicare. Workers Comp.	_
Park & Rec	Park & Rec Administrator	0.25	75,000	9.65%	 	12,000	\$ 20,000		43,559 FICA Medicare Workers Como	
SERVICE C	ONTRACTS									-
Increased	City Attorney							\$100.000		~
Existing	Landscape maintenance	ance						\$89,100		٠.
Existing	Tree tramming							\$105,000		-
Existing	Street light maintenance	nance		!				\$78,435		-
Existing	Street sweeping							\$40,824		
New.	Sheriff							\$1,100,000		,
New	Planning							\$120,939		_
New	Code enforcement							\$25,000		.
New	Building inspection	1						\$79.076		_
Nex	Storm drain maintenance	nance						\$50,000		_
Zew.	Street (pavement) maintenance	nainten	ince					\$239,899		
New	Sidewalk/curb/gut	/gutter repair	Į.					\$38,779		
New	Animal control							\$70.013		
								÷		_

	Rossmoor	Los Alamitos	Seal Beach
Population			
2000 Census	10,252	11,260	24.283
2005 (DOF)	10,474	12,003	25,334
2005 (SCAG)		12,224	25.628
Children (2000 Census)	2,788		3,440
Households			
2000 Census	3,715	4,246	13,048
Avg. HH Size 2000	2.77	2.62	1.83
2005 (DOF)	3,715	4	13.239
Jobs			
2005 (SCAG)	150	16.535	8 629
Jobs per capita	0.01	1.38	0.34
Land Area (sq mi)	9.1	4.0	11.5
Developed Area (acres)	0.886	1,073.9	1,480.3
Park acreage	17	28	49
Beach acreage	0	0	99
Street Miles	33.00	33.23	47.36
DVMT 2004 1000s	112.91	284.53	
DVMT/Mile	3,422	8,562	6,752
DVMT 2004 1000s	112,912	284,530	319,760
Police Service Calls FY 03-4	2947	8958	
Calls per 1,000	281.36	746.31	1,042.04
Assessed Valuation FY 05-06	\$1,197,462,599	\$1,333,655,678	\$3.185

Attachment 5 -

GST Consulting Peer Review Report



June 26, 2006

Via Electronic Mail

Joyce Crosthwaite, Executive Director Orange County LAFCO 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

RE: Rossmoor Future Governance Options Preliminary Report

Dear Joyce,

Pursuant to your request, attached is my analysis of the subject report and its conclusions. Since this request was for a "peer review" only, with no significant analysis of the financial, demographic or service level data to be performed, I have assumed in general that the assumptions made based on the data provided are reasonably correct. However, as is noted in my analysis, I have identified areas where I disagree with the application of the data assumption, and some of the resulting conclusions.

Please feel free to call me for any further information or clarification.

Sincerely,

Gary Thompson

Rossmoor Future Governance Options Analysis of Conclusions

Introduction

This review looks at the four governance scenarios as identified in the Rossmoor Future Governance Options Preliminary Report (Report) developed by the Rossmoor Planning Committee. Included in the Report is a preliminary financial analysis for the annexation and incorporation scenarios prepared by Burr Consulting and Economic & Planning Systems, Inc. The four scenarios in the report and reviewed below are:

- Expansion of the existing Rossmoor Community Service District
- Incorporation into a city
- Annexation to Los Alamitos
- Annexation to Seal Beach

This review only looks at the data assumptions made and conclusions drawn in the Report, from the standpoint of the reasonableness of the assumptions and the conclusions based on the data provided. It should be noted that as acknowledged in the Burr/EPS financial analysis itself, the data and information utilized for their analysis is not specific enough to allow their analysis to be substituted for a more comprehensive analysis of a specific option. This is significant when reviewing the Report and the conclusions made.

General Comments

The Report indicates that all scenarios are financially feasible, with the exception of annexation to Los Alamitos (unless AB 1602 is implemented). This review found no significant issues with the Seal Beach Annexation scenario, nor the RCSD Expansion scenario, excepting that the RCSD Expansion scenario should only be considered as a short term solution until such time as a determination is made as to the final long term governance of the community.

However, this review has determined that deficiencies exist in the assumptions made with respect to Incorporation that would render this option infeasible without sizeable revenue enhancement beyond the new Utility Users Tax already contemplated, in particular if AB 1602 is not implemented. And with respect to the feasibility of the Los Alamitos annexation (assuming AB 1602 fails), the net effect on the overall city's General Fund is manageable, and certainly within a reasonable margin that could be mitigated fully through the Property Tax Exchange Agreement that would be negotiated with the county.

The Report makes an incorrect assumption that once an area is designated into a Sphere of Influence, it would preclude pursuit of any other option for the community for at least five years. This assumption is incorrect. Designation into an SOI of a city does not preclude that community from pursuing any other option, including expansion of an existing CSD, incorporation, or annexation into another adjoining city.

Annexations

The Report correctly concludes that either annexation will result in achieving a greater economy of scale of service provision, and a lesser financial and operational risk, than would be achieved under incorporation. The Report also correctly concludes that by being part of a larger city through either annexation to Los Alamitos or Seal Beach, the community would gain greater influence over regional issues than as a smaller incorporated city.

Rossmoor Future Governance Options Analysis of Conclusions

The Report concludes that there would be a "loss of identity as a result of annexation". Although there may be a perception by the residents of such, experiences of existing cites, including recent annexations, refute that perception. Newport Beach is a good example of a city that has distinctly different "communities" within (Balboa, Balboa Island, Corona Del Mar, etc.), and has recently annexed a new community with a distinct community identity that has been retained (Newport Coast).

The Report's accompanying financial analysis makes assumptions of city staffing cost increases for Administrative, City Clerk and City Manager under both annexation scenarios. Although some increase in staffing in these areas may be necessary, the levels anticipated in the Report's financial analysis appear excessive.

The Report indicates that under annexation to Los Alamitos, an automatic \$105 per household "special tax" will incur to the community if AB 1602 is not implemented. This is to make up the assumed deficit that is reported in the financial analysis. Although that is an option available, it is incorrect to assume that any deficit would be made up by a special assessment. Further, any assessment not already levied by the annexing city, would require a vote under Prop 218. As such, the Report's conclusion that this would be an automatic requirement is incorrect.

The Report indicates in a statement attributed to city staff, that Seal Beach will not annex the community. If that is the current policy of the city council, a future city council may decide otherwise. As such, no conclusion should be drawn by any reference to preference of annexation.

Incorporation

In general, many of the assumptions utilized for projecting revenues and costs to the community are based on per capita ratios to countywide data. As such, a large margin of error will exist when computing projected revenues and expenses. It should be concluded that the very narrow projection of feasibility for incorporation, given the lack of quantified data specific to the community would place this incorporation at risk.

The Report's accompanying financial analysis fails to address the requirement for the new city to establish a Maintenance of Effort (MOE) expense from the General Fund in order to receive the Measure M turn back funds. This MOE is calculated based on the city's amount of anticipated Measure M annual revenue and must be expensed from the General Fund. Although, exact calculations would have to be generated, this amount would negatively affect the slight General Fund projected surplus.

The Report's accompanying financial analysis assumes that the Planning Director and Parks & Recreation Director would be part time positions, with their total time equaling one FTE. It is unlikely that this would be the case as this level of management would generally be a full time city employee for each department. As such, the General Fund outlay for the projected city staffing is understated by one FTE representing approximately \$100,000 in annual salary and benefits, further negatively affecting the projected General Fund surplus.

The Report's accompanying financial analysis shows revenues for Intergovernmental Transfers. These are usually restricted revenues such as grants, etc. The financial analysis does not reflect any costs associated with these revenues, thus the overall projected expenses appear to have been understated. This further negatively affects the projected General Fund surplus.

Rossmoor Future Governance Options

Analysis of Conclusions

There is no discussion of the impact of Revenue Neutrality in the Report or accompanying financial analysis. Every city in California that has incorporated since the implementation of Revenue Neutrality has had to negotiate mitigation agreements with their county. There is good reason to believe that this will be the case under this scenario. Lacking specific data to approximate the prospective Revenue Neutrality liability, the impact cannot be quantified. However, given the nature of the questionable viability of the incorporation scenario as it stands, Revenue Neutrality will most certainly exacerbate the problem.

This scenario relies heavily on revenue enhancement through imposition of a Utility Tax which would have to be voted upon during the incorporation vote under Prop 218 requirements. The amount of the UT would be somewhat dependent upon a successful passage of AB 1602 which will restore a portion of the VLF backfill to new cities. However, the revenue enhancement requirement is significantly understated given the analysis of the above expenses that have been determined to be deficient.

There are inherent risks and disadvantages of a city this small. Economies of scale gained are minimal compared to annexing to either adjacent city. Vulnerability to negative economic or legislative pressures on city revenues, coupled with the lack of a more diversified revenue stream (minimal sales tax), with no absorption capacity, increases the risk of feasibility for this incorporation.

RCSD Expansion

The Report indicates that expansion of the RCSD may not require additional taxes. This is only true pending negotiation with the county over revenues associated with services transferred. In particular, it is unlikely that the county would transfer sufficient revenues for the RCSD to assume the law enforcement contract outright at the existing service level.

General Conclusions

Annexation to either city is financially feasible. Annexation to Seal Beach versus Los Alamitos is the stronger of the two financial options. However, given documented community of interest factors, and the lesser impact of servicing transitions, Los Alamitos might serve to be better suited for annexing the community.

Incorporation as a new city is highly risky, and certainly not feasible unless significant permanent revenue enhancements are implemented. Although a Utility User's Tax is the most common form of revenue enhancement, other avenues exist as well, including parcel taxes, special assessments for specific service provision, etc. All of these enhancements require voter approval under Prop 218.

Expanding the RSCD while accepting designation into an SOI for potential future annexation may be the best option for the community to pursue at this time. The short term effect will be to increase services where the community determines is lacking while planning for long term governance.

Attachment 6 -

Comment Letter from the City of Seal Beach (June 26, 2006)

City of Seal Beach



June 26, 2006

Orange County Local Agency Formation Commission Attn: Joyce Crosthwaite, Executive Officer 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701



LOCAL AGENCY FORMATION COMMISSION

Dear Ms. Crosthwaite:

SUBJECT:

NEGATIVE DECLARATION - SPHERE OF INFLUENCE UPDATE FOR CITY OF SEAL BEACH (SOI 05-32)

Our staff has previously reviewed the proposed Negative Declaration as referenced above, and is in concurrence with the determination being evaluated in the subject Negative Declaration that "LAFCO is recommending that the City of Seal Beach sphere of influence be reaffirmed as conterminous with the City's existing jurisdictional boundary." This position is based on our stated letter positions of August 5 and September 8, 2005 regarding the recent Municipal Service Review process that all of the impacted agencies participated in with LAFCO in the early part of 2005. The City commented by letter on February 27, 2006 on the Negative Declaration matter.

The City Council has also reviewed the "Preliminary Report - Rossmoor Future Governance Options", including a supporting report, "Rossmoor Governance Alternatives: Fiscal Impacts" prepared by Burr Consulting, dated June 8, 2006. It is the opinion of the City of Seal Beach that the Rossmoor governance documents referenced above are unclear and too speculative for the City to rely heavily on and feels that many of the assumptions and parameters regarding the projection of revenues and expenditures that would be generated by any of the above-mentioned alternative governance scenarios is insufficient to make any type of an informed decision. Therefore, Seal Beach again wishes to support its concurrence with LAFCO staff "that the City of Seal Beach sphere of influence be reaffirmed as conterminous with the City's existing jurisdictional boundary."

Mr. Lee Whittenberg, Director of Development Services, will be in attendance at the July 12 Commission meeting on this matter to present the positions stated in this letter and to be available to respond to any questions that Commission may have.

City of Seal Beach Comment Letter re: Proposed Negative Declaration — City of Seal Beach Sphere of Influence Update June 26, 2006

If you have questions prior to the July 12 Commission meeting, please contact our City Manager, John Bahorski, at your earliest convenience if you require additional information. Mr. Bahorski can be reached at (562) 431-2527, extension 300, or by e-mail at jbahorski@ci.seal-beach.ca.us. In addition, if you have questions of Mr. Whittenberg, he can be reached at (562) 431-2527, extension 313, or by e-mail at lwhittenberg@ci.seal-beach.ca.us.

Sincerely,

John Larson, Mayor City of Seal Beach

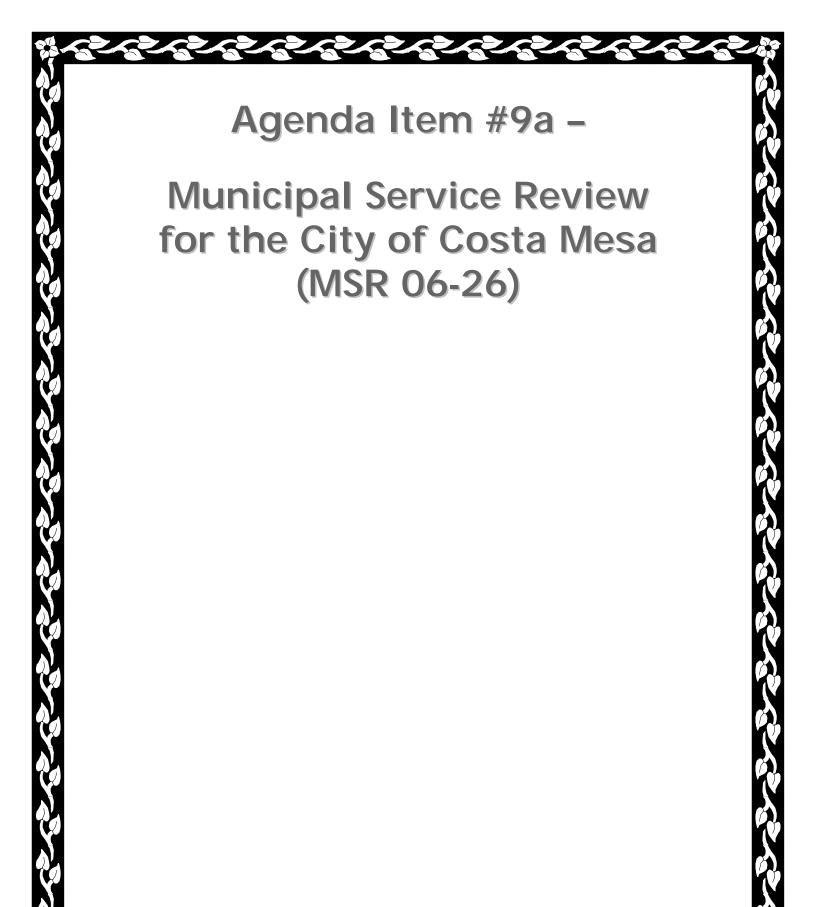
JOHN LARSON

Distribution:

Seal Beach City Council

Seal Beach City Manager

Seal Beach Director of Development Services







July 12, 2006

CHAIR ROBERT BOUER Councilmember City of Laguna Woods

TO: Local Agency Formation Commission

VICE CHAIR BILL CAMPBELL FROM: **Executive Officer**

Supervisor Third District Assistant Executive Officer

PETER HERZOG

Proposed Municipal Services Review for the City of Costa **SUBJECT:**

Mesa (MSR 06-26)

Councilmember City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

The attached report includes the Municipal Service Review (MSR) and for the City of Costa Mesa. LAFCOs are required by statute (Government Code Section 56430) to conduct MSRs as a way to assist agencies and residents by: (1) evaluating existing municipal services, and (2) identifying any future constraints or challenges that may impact service delivery in

SUSAN WILSON

General Public

the next 15 to 20 years.

TOM WILSON

Supervisor Fifth District

JOHN WITHERS Director

Irvine Ranch Water District

ALTERNATE PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE RHONDA MCCUNE

Representative of General Public

ALTERNATE JAMES W. SILVA

Supervisor Second District

ALTERNATE CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

LAFCOs are also required to complete Sphere of Influence (SOI) reviews in conjunction with Municipal Service Reviews for each city and special district at least once every five years. SOIs identify a city's (or district's) ultimate service boundary within a 15-year time horizon. An SOI is used as a long range planning tool that guides future LAFCO decisions on individual jurisdictional boundary changes, incorporation proposals, district formation, and proposals for consolidation, merger, or formation of subsidiary districts. A comprehensive update to the City of Costa Mesa's sphere of influence is scheduled for 2007.

No Significant Issues Identified

No significant issues were identified for the City of Costa Mesa. Staff is recommending that the Commission receive and file the MSR report (Attachment 1) and adopt the nine MSR determinations contained therein. July 12, 2006

RE: City of Costa Mesa MSR

Page 2

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for the City of Costa Mesa Municipal Service Review. Staff completed an initial study, and it was determined that a project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted or funded does not require the preparation of an EIR. Accordingly, a Draft Negative Declaration (*Attachment 2*) was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declaration have been received.

Additionally, staff recommends that the Commission certify that, based upon the Negative Declaration, the Municipal Service Review will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code, and direct staff to file a *de minimus* statement with California Wildlife, Fish and Game (*Attachment* 3).

RECOMMENDATIONS

Staff recommends that the Commission:

- 1. Receive and file the Municipal Service Review Report for the City of Costa Mesa (*Attachment* 1).
- 2. Adopt the Draft Negative Declaration (*Attachment 2*) prepared for the proposed City of Costa Mesa Municipal Service Review.
- 3. Certify the *De Minimus* Impact Finding Statement for the California Wildlife, Fish and Game Department (*Attachment 3*).
- 4. Adopt the resolution for the City of Costa Mesa Municipal Service Review adopting the nine MSR determinations (*Attachment 4*).

Respectfully submitted,	
JOYCE CROSTHWAITE	BOB ALDRICH

July 12, 2006 RE: City of Costa Mesa MSR

Page 3

Attachments:

- 1.
- 2.
- MSR Report Draft Negative Declaration De Minimus Impact Findings LAFCO Resolution 3.
- 4.

Attachment 1 -

City of Costa Mesa Municipal Service Review Report



MSR/SOI Report

City of Costa Mesa July 12, 2006



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26)

July 12, 2006

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Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26 & SOI 06-27) *July 12, 2006*

EXECUTIVE SUMMARY

The purpose of this report is to provide a comprehensive review of the municipal services provided by the City of Costa Mesa. Municipal Service Reviews (MSRs) are required by the Cortese-Knox-Hertzberg Act of 2000 to be completed before (or concurrently with) an agency's sphere of influence update. The report is organized into five sections:

- 1. *Executive Summary –* Provides an overview of the report's structure and content.
- 2. *Introduction* Explains the statutory requirements related to municipal service and sphere of influence reviews.
- 3. *History of Costa Mesa* Provides a brief historical overview of the Costa Mesa MSR area.
- 4. *The Nine Determinations* Examines the City of Costa Mesa's structure and service provision as they relate to the nine municipal service review (MSR) determinations required by law.
- 5. *Service Review Determinations -* Summarizes LAFCO staff's nine MSR determinations based on the analysis of the City of Costa Mesa's structure and service provision.

MUNICIPAL REVIEW SUMMARY

No significant issues were noted. The City is projected to have modest growth over the next 15 years (approximately 5,600 new residents), and no significant infrastructure needs or deficiencies were noted. While the City's operating and capital budget for FY 2006-2007 projects expenditures exceeding revenues by approximately \$7.7 million, this is largely due to the City's aggressive capital improvements program currently underway. The City has sufficient operating reserves and appropriations fund balances to cover the projected budget shortfall. No rate restructuring opportunities were noted. The City uses private contracts wherever possible to reduce costs and increase management efficiencies. The City uses a variety of means to increase local accountability and governance.

With respect to government structure options, there remain four unincorporated areas located within the City's sphere of influence: (1) West Santa Ana Heights; (2) the Santa

The Nine Determinations - 2



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26) *July 12, 2006*

Ana Country Club; (3) the South Mesa area; and, (4) approximately ten acres of territory located north of 22nd Street and east of Santa Ana Avenue. Two government structure options exist for the City:

- 1. Annexation of West Santa Ana Heights, the Santa Ana Country Club, South Mesa and the ten-acre territory north of 22nd Street and east of Santa Ana Avenue, and
- 2. Annexation of territory not currently included in the City's current sphere of influence. This may include the 465-acre Banning Ranch property.



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26 & SOI 06-27) *July 12, 2006*

INTRODUCTION

Pursuant to a 2000 legislative requirement, LAFCO must conduct a comprehensive review of municipal service delivery and update, as necessary, the spheres of influence of agencies under LAFCO's jurisdiction not less than every five years. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determination with respect to each of the following:

- 1) Infrastructure needs or deficiencies;
- 2) Growth and population projections for the affected area;
- 3) Financing constraints and opportunities:
- 4) Cost avoidance opportunities:
- 5) Opportunities for rate restructuring;
- 6) Opportunities for shared facilities;
- 7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- 8) Evaluation of management efficiencies; and
- 9) Local accountability and governance.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make "determinations" regarding the provision of public services per Government Code Section 56430. The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action on a change of organization or a reorganization.



The Nine Determinations - 4



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26) *July 12, 2006*

SPHERE OF INFLUENCE UPDATES

LAFCO is also charged with adopting a sphere of influence for each city and special district within the county. A sphere of influence is a planning boundary that designates the agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual proposals involving jurisdictional changes. Spheres ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine the sphere of influence of each local governmental agency within the county, and to review and update the SOI every five years. In determining the SOI, LAFCO must address the following:

- 1) Present and planned land uses in the area, including agricultural and openspace lands;
- 2) Present and probable need for public facilities and services in the area;
- 3) Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide; and
- 4) Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.

A comprehensive sphere of influence update will be completed for the City of Costa Mesa in 2007.

HISTORY OF COSTA MESA¹

Located on the "coastal tableland" above Newport Bay, Costa Mesa was once grazing grounds for cattle belonging to the Mission San Juan Capistrano. At the beginning of the 19th century, missionaries built an adobe "way station" for vaqueros who tended the herd. In 1810, the same area was a part of the Spanish land grant of Santiago Del Santa Ana made to Jose Antonio Yorba. By 1880, settlers had begun buying portions of the rancho from Yorba's heirs and established the town of Fairview. A school house and church were built near the present intersection of Harbor and Adams, and a 25-room hotel accommodated visitors to the nearby hot sulfur springs. By early 1889, a storm washed out the railroad and brought financial hardship to the community. The area reverted back to farming.

About that same time, the small town of Harper (named after a nearby rancher) emerged. Its first business, Ozmen's General Store, stood on the corner of Newport and

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¹ City of Costa Mesa General Plan (2000)



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26) July 12, 2006

18th Street and contained the area's first post office, established in 1909. On May 11, 1920, Harper officially changed its name to Costa Mesa, which means "coastal tableland" in Spanish, and continued as an agricultural community growing sweet potatoes, corn, tomatoes, strawberries and apples. Building and oil drilling industries were just beginning to bring new growth to the City when the depression hit Southern California. More disaster followed with the 1933 earthquake shook the town, damaging businesses and the main school.

World War II brought thousands of people to the area for training at the Santa Ana Army Air Base, located on what is now the Orange County Fairgrounds, Orange Coast College and the present site of the Costa Mesa Civic Center. When the war ended, many returned with their families to begin the population boom which continues today. On June 29, 1953, the City was incorporated under the City Council-Manager form of government. The new City had an area of 3.5 square miles and a population of 16,640. Today, Costa Mesa is one of Orange County's leading cultural and business centers, encompassing a total of 16.8 square miles. According to the State Department of Finance, the current population is approximately113, 134.

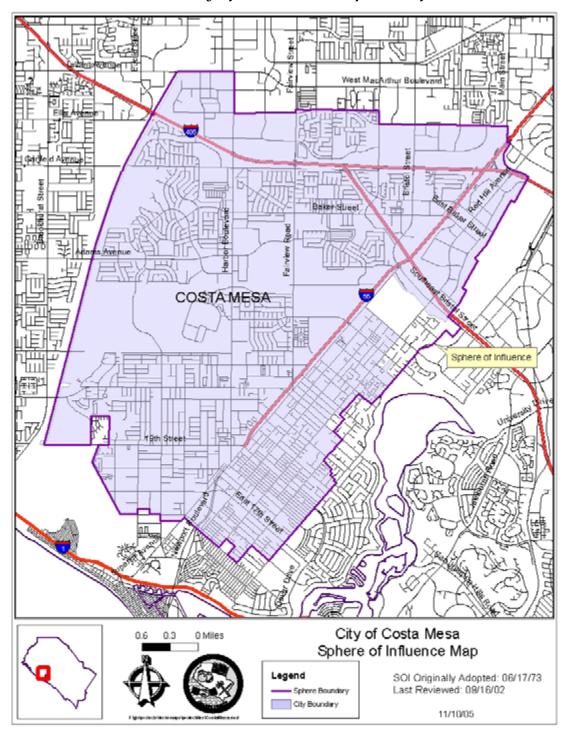




Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26 & SOI 06-27)

July 12, 2006

Exhibit 1 - City of Costa Mesa Sphere Influence



The Nine Determinations -



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26) July 12, 2006

THE NINE DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

Countywide Growth Trends

As of January 1, 2005, the official population estimate for Orange County from the California State Department of Finance for Orange County was 3,056,865. This population estimate ranks Orange County as the second most populous county in California and the fifth most populous in the nation. Population growth is expected to reach 3,340,282 people by the year 2020. The most significant factor contributing to Orange County's population growth is natural increase (births minus deaths). In terms of density, Orange County ranks second within California, just behind the County/City of San Francisco. *Table 1- County Population and Density Comparisons*, below, shows Orange County's size in comparison to other nearby counties.

Table 1 - County Population and Density Comparisons

County	Population	Unin- corporated Percentage 2000	Unin- corporated Percentage 2004	Land Area (acres)	Simple Density (persons/ acre)
Alameda	1,466,900	9.3%	9.3%	472,060	3.11
Contra Costa	963,000	19.2%	15.7%	460,740	2.09
Los Angeles	9,716,000	10.5%	10.5%	2,598,980	3.74
Orange	2,978,816	7.7%	3.7%	505,220	5.73
Riverside	1,577,700	26.4%	26.8%	4,612,740	0.34
Sacramento	1,242,000	53.1%	45.7%	618,050	2.01
San Bernardino	1,742,300	17.3%	15.9%	12,833,600	0.14
Santa Clara	1,709,500	6.1%	5.7%	826,050	2.07
San Diego	2,856,300	16.1%	15.6%	2,687,940	1.06

Growth within the City of Costa Mesa

Starting as a small cattle grazing and agricultural community, Costa Mesa has grown into city of approximately 113,134 residents. Now known as the "City of the Arts," Costa Mesa encompasses a total of 16.8 square miles with its southern-most border less than two miles from the Pacific Ocean. The dominant industries for the City are trade, manufacturing, services, finance/insurance and real estate.



Municipal Service & Sphere of Influence Review Report for the City of Costa Mesa (MSR 06-26) July 12, 2006

The Orange County Performing Arts Center, South Coast Repertory, Orange County Fairgrounds, Triangle Square, Metro Pointe and South Coast Plaza are prominent centers of cultural and economic activity within the City. The volume of sales generated by the South Coast Plaza, the City's regional mall, ranks it among the highest



volume shopping centers in the nation. The City of Costa Mesa offers 27 neighborhood and community parks, golf courses, 15 elementary schools, two intermediate schools, two high schools, and two County branch libraries. The City is also home to Orange Coast College, Vanguard University, Whittier Law School and National University.

The City has a total population of 113,134 and is project to reach 118,764 by 2020. The City has a

diverse land use mix: 48 percent of which is designated for residential use, 14 percent for commercial use, 13 percent for industrial uses, and 25 percent allocated for public and semi-public uses. In 1998, employment in the city totaled 77,415, with projected employment in 2020 expected to increase to 106,708.

Table 2 – City of Costa Mesa Land Use Distribution

Land Use Distribution	Total Acres	% of City
Low-Density Residential	2,170	27%
Medium-Density Residential	820	10%
High-Density Residential	878	11%
Commercial-Residential	44	0.5%
Neighborhood Commercial	45	0.6%
General Commercial	631	8%
Commercial Center	93	1%
Regional Commercial	115	1%
Urban Center Commercial	161	2%
Cultural Arts Center	54	0.7%
Industrial Park	714	9%
Light Industry	382	5%
Public/Institutional	1,287	16%
Golf Course	560	7%
Fairgrounds	146	2%



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Table 3 - City of Costa Mesa Housing and Employment Projections

Year	Dwelling Units	Employees
2005	40,643	95,099
2010	40,873	102,461
2015	41,730	103,726
2020	42,469	106,708

Source: Center of Demographic Research, CSUF

The City's General Plan, adopted in 2002, incorporates an integrated framework of growth management, land use, circulation, infrastructure and community design goals and policies which, when used together, manages growth and development and assists in maintaining and enhancing the City's existing quality of life. A major goal of the General Plan's Growth Management Element is to "…ensure that planning, management and implementation of traffic improvements and public facilities are adequate to meet the current and projected needs of the City."

The City has adopted a seven-year Capital Improvements Program (FY 2005-06 through FY 2011-12) which allocates almost \$214 million over the seven year period for street maintenance and improvements, traffic signalization, parks, parkways and median upgrades, community programs and facilities maintenance. In FY 2005-2006 alone, the City has allocated approximately \$12 million for capital improvements, including \$3.4 million to upgrade the TeWinkle Park Athletic Field Complex. The City has adequately planned for future growth and associated infrastructure through its General Plan update process and Capital Improvement Program (CIP).

No significant issues were noted.

INFRASTRUCTURE NEEDS & DEFICIENCIES

This determination addresses the adequacy of existing and planned infrastructure needed to accommodate future growth and the efficient delivery of public services. The City of Costa Mesa was incorporated on June 29, 1953 and a City Council-Manager form of government was chosen. The City or other agencies which provide services to Costa Mesa residents are described in *Table 4*, below.





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Table 4 - City of Costa Mesa Service Providers

Service	Current Provider			
Animal Control	City of Costa Mesa			
City Attorney	Contract (Jones and Mayer)			
Planning and Community Development	City of Costa Mesa			
Fire & Paramedic	City of Costa Mesa			
Library	County of Orange			
Parks & Recreation	City of Costa Mesa			
Police	City of Costa Mesa			
Solid Waste	Costa Mesa Sanitary District			
Water	Irvine Ranch Water District Mesa Consolidated Water District			
Sewer	Costa Mesa Sanitary District Orange County Sanitation District			

The City's existing General Plan establishes levels of service for municipal services and mandates ongoing review of key public services. This helps to ensure orderly City growth and development and that services and facilities will be provided concurrent with need. To ensure ongoing implementation of adequate public service programs, the City adopts an annual budget, an annual capital improvement program (CIP) and work program to ensure that service levels are maintained or improved and that the CIP is adequately funded. For FY 2005-2006, the CIP budget allocates over \$12 million to enhance existing infrastructure and provide new infrastructure to aid in service delivery to the City of Costa Mesa. Key projects funded for FY 2005-2006 include street and traffic signal improvements, parks maintenance and upgrades, water quality projects and facilities maintenance.

Police Services

The City of Costa Mesa Police Department provides public safety services to City residents, businesses and visitors. The mission involves: crime prevention, field patrol (ground and air), crime investigation, apprehension of offenders, traffic enforcement and control, regulation of non-criminal activity, animal control and the performance of a number of related and support services. The Police Department is comprised of approximately 228 full-time personnel, of which 154 are sworn police officers and 74 are civilian support personnel. In addition there are part-time personnel and senior volunteers that augment department personnel.



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An October 2005 survey of 22 police agencies within Orange County, conducted by the *Orange County Register*, indicated that the City has an officer to population ratio of one

officer for every 783 residents. The *Register* survey measured effectiveness of police agencies in eight categories: response time, citizens per officer, homicide clearance, violent crime clearance, property crime clearance, burglary clearance, violent crime rate and property crime rate. When compared to other police agencies countywide, the Costa Mesa Police Department was one of only seven police agencies that received the highest "4-star" rating. According to the study, average response time



for life-threatening emergencies within Costa Mesa averaged 3.23 minutes – one of the fastest response times of any police agency countywide.

Fire Services

The City of Costa Mesa Fire Department is responsible for fire prevention, enforcement of fire protection laws and ordinances, fire suppression, emergency medical services, hazardous materials response and weed abatement. There are six existing fire stations strategically located throughout the City. Costa Mesa has achieved and maintains a "protection class two", which affords residents and business owners excellent base fire insurance rates. This is accomplished by continual monitoring of existing conditions, review of all building projects and planning for additional fire protection facilities, equipment, personnel and training to meet future needs.

Open Space, Parks and Recreation

Open space in Costa Mesa includes neighborhood and community parks, community centers, open space easements and golf courses. There are also County-owned regional facilities within and adjacent to the City limits and a large amount of institutional land. The total inventory of open space and recreation land comprises approximately 20 percent of the total land area of the City.

The City's General Plan Open Space and Recreation Element states that the City's long-term goal is to provide a minimum of 5.76 acres of permanent public open space (consisting of 4.26 acres of neighborhood and community parks and 1.5 acres in school



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yards) for every 1,000 residents. The City has not met all of its current population's open space and parks needs, therefore, additional parks and facilities must be provided to serve existing constituents. Since not all of the needs can be met at once, the City has adopted a Parks, Recreation and Open Space Master Plan to guide future improvements to address current system deficiencies and to meet the long-term community needs.

Water and Sewer

Water service to the City of Costa Mesa is provided by two water supply agencies: Mesa Consolidated Water District and Irvine Ranch Water District (IRWD). A majority



of the City (85%) is within the boundaries of Mesa Consolidated which also serves unincorporated areas of the County and portions of Newport Beach. Properties to the southeast of Newport Boulevard, between 23rd and Bristol Streets, are served by IRWD. Approximately 75 percent of Mesa's water supply is pumped from natural underground water aquifers located in the Orange County Groundwater Basin. The remaining 25 percent of Mesa's water supply is imported from the Metropolitan Water

District via two wholesale water agencies: MWDOC and Coastal. Approximately 50 percent of IRWD's water is purchased from MWD; the remaining 50 percent of the supply comes from local groundwater wells.

Each water agency maintains master plans for services, facilities, maintenance, and improvements necessary to support existing and projected population growth and development. Conservation practices and requirements to meet regional, state and federal water quality regulations are included within the respective plans. Each agency maintains a capital improvements program for the provision of water system improvements, special projects and ongoing maintenance. Water demands are monitored and periodically the plans are updated to account for any service issues and regulatory changes.

The Costa Mesa Sanitary District (CMSD) is the local sewer agency for the majority of Costa Mesa. The remaining portions of the City are served directly by the Orange



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County Sanitation District (OCSD). Both CMSD and CSDOC maintain master plans based on anticipated land use intensities in order to estimate and plan for future needs.

No significant issues regarding infrastructure needs and deficiencies were noted.

FINANCING CONTRAINTS & OPPORTUNITIES

The City of Costa Mesa FY 05-06 adopted budget reflects the operating and capital spending plans for the General Fund, Special Revenue Funds, Capital Project Funds, and Internal Service Funds. The total budget for all funds is \$118.4 million, an increase of \$8.2 million or 7.47% compared to the adopted budget for FY 04-05. Table 5, below, illustrates these changes.

Table 5 - City of Costa Mesa Adopted Operating and Capital Spending Plans

Appropriations/ All Funds	Adopted FY 05-06	Adopted FY 04-05	Increase/Decrease Amount	Increase/ Decrease %	% of Total
Operating Budget	\$104,535,301	\$96,488,870	\$8,046,431	8.34%	88.31%
Transfers Out	1,874,000	2,938,680	(1,064,680)	-36.23%	1.58%
Capital Budget	11,970,254	10,720,058	1,250,196	11.66%	10.11%
TOTAL	\$118,379,555	\$110,147,608	\$8,231,947	7.47%	100.00%

Table 6, below, summarizes the City of Costa Mesa revenue fund sources for Fiscal Years 04-05 and 05-06. The table includes all governmental funds, including the General Fund (taxes, licenses and permits, fines, fees and charges, interest, etc.), special revenue funds and capital project funds. Sales and use taxes represents Costa Mesa's single largest revenue source which is estimated at \$43.8 million or almost 50 percent of the total General Fund revenues projected for FY 05-06. Property tax is the second largest source of revenue for the City. The FY 05-06 estimated revenue form all property tax collections is \$21 million or 23.62 percent of the total General Fund revenues.



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Table 6 - City of Costa Mesa Revenue Funds

Governmental Fund Types	Adopted FY 05-06	Adopted FY 04-05	Increase/Decrease Amount	Increase/ Decrease %	% of Total
General Fund	\$95,055,890	\$87,929,980	\$7,125,910	8.10%	85.39%
Special Revenue Funds	7,575,064	10,308,881	(2,733,817)	-26.52%	6.80%
Capital Project Funds	8,692,615	6,251,093	2,441,522	39.06%	7.81%
TOTAL	\$111,323,569	\$104,489,954	\$6,833,615	6.54%	100.00%

For many years, the City has embarked on an aggressive capital improvement program to improve and maintain its infrastructure including streets, curbs and sidewalks, storm



drains, traffic operations, parks, parkways, and medians, municipal buildings and facilities. Over the last nine years, the City has dedicated approximately \$121 million (or an average of \$13.5 million a year) for capital improvements. For FY 05-06, the City has allocated almost \$12 million for capital improvements.

For FY 05-06, projected City expenditures will exceed overall City revenues by approximately \$7,714,485. This is largely due to

the aggressive citywide capital improvements program underway. The City has sufficient general operating reserves and appropriations fund balances to cover the projected budget shortfall.

No significant issues were noted.



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COST AVOIDANCE OPPORTUNITIES/OPPORTUNITIES FOR SHARED FACILITIES

The City of Costa Mesa contracts, when feasible, for various services including City attorney services, tree trimming, custodial services and specialized/personal enrichment recreation program services. The City's core services, police, fire, engineering, transportation, planning, building plan check and inspection, code enforcement, and parks and recreation services, continue to be provided by City staff.

No significant issues were noted.

OPPORTUNITIES FOR RATE RESTRUCTURING

The Costa Mesa City Council reviews its budget annually and establishes fees and charges for services to ensure that revenues are adequate to meet expected expenses. Fees charged by some service providers are beyond the purview of the City of Costa Mesa; however, the City works closely with service providers to ensure the most efficient and cost effective services.

No significant issues were noted.

GOVERNMENT STRUCTURE OPTIONS

In 2000, Orange County LAFCO, in cooperation with the County, and the League of Cities – Orange County Division, initiated a small islands program to facilitate the annexation of small unincorporated islands to adjacent Orange County cities. The City of Costa Mesa was an active participant in this program, initiating annexation of all unincorporated territory within their City's sphere of influence. In 2002, LAFCO approved the annexation of five small islands to Costa Mesa and a reorganization of territory with the City of Newport Beach of a larger 80-acre island ("Bay Knolls"). Annexation attempts by the City of Costa Mesa for both the Santa Ana Country Club and the South Mesa areas in 2002, while approved by LAFCO, were subsequently terminated by registered voter protest.

Four unincorporated areas, described below, remain within the City's sphere of influence:

 West Santa Ana Heights – 83 acres bounded on the west by the Santa Ana Country Club and to the south by the unincorporated South Mesa residential/commercial area. The West Santa Ana Heights area includes a mix of land uses including



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residential, convalescent care, nurseries and dog kennels. East Santa Ana Heights was annexed to the City of Newport Beach in 2002.

- Santa Ana Country Club the 125-acre private golf course facility is south of Bristol Street and bounded by Mesa Drive, Newport Boulevard, Santa Ana Avenue/Red Hill.
- South Mesa The unincorporated South Mesa area, approximately 88 acres in size, is predominantly residential but includes a commercial center at the corner of Mesa Drive and Irvine Avenue.
- 22nd Street/Santa Ana Avenue Originally approved by LAFCO for annexation to the City of Costa Mesa in 2002, the annexation was subsequently terminated by registered voter protest.

Two government structure options currently exist for the City of Costa Mesa:

- 1. Annexation of West Santa Ana Heights, the Santa Ana Country Club, the South Mesa area and the 22nd Street/Santa Ana Avenue island, and
- 2. Annexation of territory not included in the City's current sphere of influence. This may include the 456-acre Banning Ranch property.

Other governmental structure options may also exist with the reorganization of special districts that currently serve the City. LAFCO will be examining those options during the next MSR/SOI five year cycle.

LOCAL ACCOUNTABILITY & GOVERNANCE

No significant issues regarding local accountability and governance were noted. The City of Costa Mesa has five (5) council members, elected at-large, for four year, staggered terms. The city council selects the Mayor and Mayor Pro Tem annually to serve one-year terms. The council members also serve on special committees that review specific issues and make recommendations to the full city council.

The city council meets on the first and third Tuesday of each month. All council meetings are televised live through the city's local cable television outlet. Reruns of the council meetings are available on line through the City's website: www.ci.costa-mesa.ca.us. The City maintains a website to increase local accountability. *Table 7*, below, lists the current city council members and their terms of office.



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Table 7 - Costa Mesa City Council Members

City of Costa Mesa Council Members	Title	Term Expires	Monthly Stipend*
Allan Mansoor	Mayor	2006	\$952.00
Eric Bever	Mayor Pro Tem	2008	\$952.00
Gary Monihan	Council Member	2006	\$952.00
Linda Dixon	Council Member	2008	\$952.00
Katrina Foley	Council Member	2008	\$952.00

^{*}Council members are also eligible to receive certain insurance, medical and retirement benefits as well as professional training opportunities.



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SERVICE REVIEW DETERMINATIONS

1) Growth & Population Projections

The City is projected to experience an increase of approximately 5,600 residents by the year 2020.

2) Infrastructure Needs & Deficiencies

The future growth projected for the City, while modest, will increase the demand for additional municipal level services. The City of Costa Mesa reviews infrastructure needs annually through it budget and capital improvement program to ensure that those city services will match projected growth. The City prides itself on providing a high level of municipal services for its residents.

3) Financing Opportunities & Constraints

For FY 05-06, projected City expenditures will exceed overall City revenues by approximately \$7,714,485. This is largely due to the aggressive citywide capital improvements program underway. The City has sufficient general operating reserves and appropriations fund balances to cover the projected budget shortfall.

4) Opportunities for Rate Restructuring

No issues regarding rate restructuring currently apply.

5) Government Structure Options

Two government structure options currently exist for the City of Costa Mesa:

- Annexation of West Santa Ana Heights, the Santa Ana Country Club, the South Mesa area and the 22nd Street/Santa Ana Avenue island, and
- Annexation of territory not included in the City's current sphere of influence. This may include the 456-acre Banning Ranch property.

Other governmental structure options may also exist with the reorganization of special districts that currently serve the City. LAFCO will be examining those options during the next MSR/SOI five year cycle.

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6) Local Accountability & Governance

The City of Costa Mesa provides a strong resident outreach effort to its residents through its website, televised City Council meetings and community outreach efforts for City residents.

7) Opportunities for Cost Avoidance

No significant issues were noted.

8) Opportunities for Management Efficiencies

No significant issues were noted.

9) Opportunities for Shared Facilities

No significant issues were noted.

Attachment 2 – Draft Negative Declaration

ATTACHMENT 2

ENVIRONMENTAL CHECKLIST FORM

1) <u>Project Title:</u> City of Costa Mesa Municipal Services Review

(MSR 06-26)

2. Lead Agency Name and Address: Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

3. Contact Person and Phone Number: Bob Aldrich, Assistant Executive Officer, (714) 834-2556

4. <u>Project Location</u>: The City of Costa Mesa comprises approximately 16.8 square miles and is located east of the City of Huntington Beach, south of the City of Santa Ana, and north and

west of the City of Newport Beach.

5. <u>Project Sponsor's Name and Address</u>: Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

6. <u>General Plan Designation</u>: Residential, Industrial, Commercial and Open Space

7. Zoning: Residential, Industrial, Commercial and Open Space

8. <u>Description of Project</u>: Pursuant to Government Code Section 56430, LAFCO is required by law to conduct Municipal Service Reviews (MSRs) for all cities and special districts located within Orange County. MSRs are a new mandate from the state legislature which requires LAFCO to prepare special studies on future growth and evaluate how local agencies are planning for growth through their municipal service and infrastructure systems.

Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the preparation of the Municipal Service Review study for the City of Newport Beach. The negative declaration confirms the findings of the associated initial study that the proposed project (MSR 06-26) will not have a significant effect on the environment.

LAFCO staff is recommending that the Commission: (1) receive and file the City of Costa Mesa MSR report, and (2) adopt nine written statements of its determination regarding the following factors: infrastructure needs or deficiencies; growth and population projections; financing constraints and opportunities; cost avoidance opportunities; opportunities for rate restructuring; opportunities for shared facilities; government structure options; management efficiencies; and, local accountability and governance.

- 9. <u>Surrounding Land Uses and Setting</u>: The City and surrounding areas are largely urbanized. About 50 percent of the City of Costa Mesa is developed with residential uses, 12 percent is commercial, and 14 percent is industrial.
- Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement):
 None

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

~ Air Quality

~ Agriculture Resources

	Tiosurcues		rigirearare resources		Tim Quanty
~	Biological Resources	~	Cultural Resources	~	Geology / Soils
~	Hazards & Hazardous Materials	~	Hydrology / Water Quality	~	Land Use / Planning
~	Mineral Resources	~	Noise	~	Population / Housing
~		~	Recreation	~	Transportation / Traffic

Aesthetics

 Mandatory Findings of Significance

DETERMINATION (To be completed by the Lead Agency):

On the basis of this initial evaluation:

Utilities / Service Systems

- ✓ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ~ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- ~ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- ~ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature Date

July 12, 2006

Date

Joyce Crosthwaite, Executive Officer

Printed Name For

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	Less Than		
	Significant		
Potentially	With	Less Than	
Significant	Mitigation	Significant	No Impact
Impact	Incorporated	Impact	

I. AESTHETICS. Would the project:

a) Have a substantial adverse effect on a scenic vista?

X

b) Substantially damage scenic resources, including, but not limited to, tress, rock outcroppings, and historic buildings within a state scenic highway?

X

c) Substantially degrade the existing visual character or quality of the site and its surroundings?

X

d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

X

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the aesthetics of the project area. This includes not adversely affecting scenic vistas, damaging scenic resources, degrading visual character, or creating new sources of light.

II. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

X

a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?

b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?

X

-			
	CCI	110	
		ш	

Potentially Significant	Less Than Significant With Mitigation	Less Than Significant	No Impact
Impact	Incorporated	Impact	

c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.

- III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:
 - a) Conflict with or obstruct implementation of the applicable air quality plan?
 - b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?
 - c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?
 - d) Expose sensitive receptors to substantial pollutant concentrations?
 - e) Create objectionable odors affecting a substantial number of people?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.

IV. BIOLOGICAL RESOURCES. Would the project:

X

X

X

X

X

X

Issues:

	Impact	Incorporated	Impact	NO Impac
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X

Less Than

Significant

With

Mitigation

Less Than

Significant

No Impact

Potentially

Significant

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any specific new developments to be built. The project will not result in any significant direct or cumulative impacts on the biological resources of the project area and this includes adversely affecting endangered, threatened, or rare species and their habitat.

T
Issues:
issucs.

Impact Incorporated Impact

V. CULTURAL RESOURCES. Would the project:

 a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5? X

b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to \\$ 15064.5?

X

c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? X

d) Disturb any human remains, including those interred outside of formal cemeteries?

X

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the cultural resources of the project area.

VI. GEOLOGY AND SOILS -- Would the project:

a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving:

X

 i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42. X

ii) Strong seismic ground shaking?

X

iii) Seismic-related ground failure, including liquefaction?

X

iv) Landslides?

X

b) Result in substantial soil erosion or the loss of topsoil?

X

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact

c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse?

d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?

e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the geology or soils of the project area including contributing to soil erosion or exposing individuals or structures to loss, such as injury or death, resulting from earthquakes or landslides.

VII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:

- a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?
- b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?
- c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?
- d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?

X

X

X

X

X

X

- Less Than
 Significant
 Potentially With Less Than
 Significant Mitigation Significant No Impact
 Impact Incorporated Impact

 X
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?
- f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?
- g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?
- h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area.

VIII. HYDROLOGY AND WATER QUALITY. Would the project:

- a) Violate any water quality standards or waste discharge requirements?
- b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?
- c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation onor off-site?

X

X

X

X

X

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impac
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?				X
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?				X
f) Otherwise substantially degrade water quality?				X
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				X
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
j) Inundation by seiche, tsunami, or mudflow?				X
DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in a depletion of groundwater supplies, alteration of existing drainage patterns, creation of runoff water, exposure of people to a significant risk of flooding nor will it result in a net deficit in aquifer volume.				
IX. LAND USE AND PLANNING. Would the project:				
a) Physically divide an established community?				X
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X

	Less Than		
	Significant		
Potentially	With	Less Than	
Significant	Mitigation	Significant	No Impact
Impact	Incorporated	Impact	
•	•	*	

c) Conflict with any applicable habitat conservation plan or natural community conservation plan?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any specific new developments to be built. Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to land use planning within the project area.

X.MINERAL RESOURCES. Would the project:

a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?

X

b) Result in the loss of availability of a locallyimportant mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? X

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the mineral resources of the project area. This includes not incurring the loss of known valuable resources.

XI. NOISE. Would the project result in:

a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? X

b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?

X

c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?

X

d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?

- Less Than
 Significant
 Potentially With Less Than
 Significant Mitigation Significant No Impact
 Impact Incorporated Impact
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?
- f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on noise levels within the project area. This includes not exposing individuals to excess ground borne vibrations or substantially increasing ambient noises, whether temporary, periodical, or permanent.

XII. POPULATION AND HOUSING. Would the project:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?
- b) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any substantial population growth or displacement of housing or people.

XIII. PUBLIC SERVICES. Would the project:

X

X

X

X

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Less Than
Significant
Potentially With Less Than
Significant Mitigation Significant No Impact
Impact Incorporated Impact

X

X

X

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire protection?

Police protection?

Schools?

Parks?

Other public facilities?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any impacts on government facilities providing fire, police, schools, parks or other public services.

XIV. RECREATION. Would the project:

- a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?
- b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which have an adverse physical effect on the environment?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not have any impact on government facilities providing fire, police, schools, parks or other public services.

XV. TRANSPORTATION / TRAFFIC. Would the project:

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impac
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?				X
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				X
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?				X
e) Result in inadequate emergency access?				X
f) Result in inadequate parking capacity?				X
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?				X
DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct impact or cumulative impacts relating to transportation or circulation within the project area. This includes not causing an increase in street or air traffic patterns, crating inadequate emergency access or parking capacity, or conflicting with adopted transportation policies.				

X

XVI. UTILITIES AND SERVICE SYSTEMS. Would the project:

a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				X
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				X
g) Comply with federal, state, and local statutes and regulations related to solid waste?				X
DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in the construction of new, or expansion or existing, water, wastewater and storm water drainage facilities.				
XVII. MANDATORY FINDINGS OF SIGNIFICANCE				
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat or a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of an endangered, rare or threatened species; or eliminate important examples of the major periods of California history or prehistory?				X

Impact Incorporated Impact

- b) Does the project have the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals?
- c) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)
- d) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

DISCUSSION: The Municipal Service Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts relating to mandatory finding of significance within the project area. This includes not degrading the quality of the environment or causing substantial adverse effects on individuals, whether directly or indirectly.

X

Attachment 3 – De Minimus Impact Findings

CERTIFICATE OF FEE EXEMPTION

De Minimus Impact Finding

Project Title/Location (include county): City of Costa Mesa Municipal Service Review (MSR 06-26)

Name and Address of Project Applicant:

Orange County Local Agency Formation Commission (LAFCO) 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

<u>Project Description</u>: Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the City of Costa Mesa Municipal Service Review. In accordance with Government Code Sections 56425 and 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems. The negative declaration confirms the findings of the associated initial study that the proposed project (the Municipal Services Review for the City of Costa Mesa) will not have a significant effect on the environment.

Findings of Exemption:

- 1. An Initial Study and Negative Declaration have been prepared by LAFCO to evaluate the project's effects on wildlife resources, if any.
- 2. The Lead Agency hereby finds that there is no evidence before LAFCO that the project will have any potential for adverse effect on the environment.
- 3. The project will not result in any changes to the following resources:
 - (A) Riparian land, rivers, streams, watercourses and wetlands;
 - (B) Native and non-native plant life and the soil required to sustain habitat for fish and wildlife;
 - (C) Rare and unique plant life and ecological communities dependant on plant life;
 - (D) Listed threatened and endangered plants and animals and the habitat in which they are believed to reside:
 - (E) All species listed as protected or identified for special management in the Fish and Game Code, the Public Resources Code, the Water Code or regulations adopted thereunder;
 - (F) All marine and terrestrial species subject to the jurisdiction of the Department of Fish and Game and the ecological communities in which they reside; and
 - (G) All air and water resources, the degradation of which will individually or cumulatively result in a loss of biological diversity among the plants and animals residing in that air and water.

CERTIFICATION:

I hereby certify that LAFCO has made the above finding(s) of fact and based upon the Initial Study, the Negative Declaration and the hearing record, the project will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

Lead Agency Representative: Joyce Crosthwaite

Title: Executive Officer Date: July 12, 2006

Attachment 4 – LAFCO Resolution (DRAFT)

ATTACHMENT 4

MSR 06-26

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING THE MUNICIPAL SERVIEW REVIEW FOR THE CITY OF COSTA MESA

July 12, 2006

On motion of Commissioner ______, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update spheres of influence the Commission shall conduct municipal service reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Orange County LAFCO staff has prepared a report for the municipal service review for the City of Costa Mesa (MSR 06-26), and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the report for the municipal service review for the City of Costa Mesa (MSR 06-26) contains statements of determination as required by California Government Code Section 56430 for the municipal services provided by the city; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set July 12, 2006 as the hearing date on this municipal service review proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of a municipal service review for the City of Costa Mesa; and

Resolution MSR 06-21 Page 1 of 1

WHEREAS, this Commission called for and held a public hearing on the proposal on July 12, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), LAFCO, as lead agency under CEQA for municipal service reviews, determined that the municipal service review for Costa Mesa (MSR 06-26) will not have a significant effect on the environment and has prepared a Negative Declaration.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) LAFCO, as lead agency, has determined that the municipal service review for the City of Costa Mesa (MSR 06-26) will not have a significant effect on the environment as defined by State CEQA Guidelines. The Commission has therefore adopted a Negative Declaration for the City of Costa Mesa municipal service review.
- b) The municipal service review will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.
- c) The Commission directs the Executive Officer to file a *de minimus* statement with California Wildlife, Fish and Game.

Section 2. Determinations

a) The Commission accepts the report for the municipal service review for the City of Costa Mesa (MSR 06-26) as presented to the Commission on July 12, 2006.

Resolution MSR 06-21 Page 2 of 2

- b) The Executive Officer's staff report and recommendation for approval of the municipal service review for the City of Costa Mesa, dated July 12, 2006, are hereby adopted.
- b) The Commission has adopted the accompanying Statement of Determinations for the City of Costa Mesa, shown as "Exhibit A."
- Section 3. This review is assigned the following distinctive short-form designation: "Municipal Service Review for the City of Costa Mesa" (MSR 06-26).
- Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:	
NOES:	
STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, ROBERT BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 12th day of July, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of July, 2006.

ROBERT BOUER
Chair of the Orange County
Local Agency Formation Commission

By: _		
•	Robert Bouer	

Resolution MSR 06-21 Page 3 of 3

The Nine MSR Determinations - City of Costa Mesa

1) Growth & Population Projections

The City is projected to experience an increase of approximately 5,600 residents by the year 2020.

2) Infrastructure Needs & Deficiencies

The future growth projected for the City, while modest, will increase the demand for additional municipal level services. The City of Costa Mesa reviews infrastructure needs annually through it budget and capital improvement program to ensure that those city services will match projected growth. The City prides itself on providing a high level of municipal services for its residents.

3) Financing Opportunities & Constraints

For FY 05-06, projected City expenditures will exceed overall City revenues by approximately \$7,714,485. This is largely due to the aggressive citywide capital improvements program underway. The City has sufficient general operating reserves and appropriations fund balances to cover the projected budget shortfall.

4) Opportunities for Rate Restructuring

No issues regarding rate restructuring currently apply.

5) Government Structure Options

Two government structure options currently exist for the City of Costa Mesa:

- Annexation of West Santa Ana Heights, the Santa Ana Country Club, the South Mesa area and the 22nd Street/Santa Ana Avenue island, and
- Annexation of territory not included in the City's current sphere of influence. This may include the 456-acre Banning Ranch property.

Other governmental structure options may also exist with the reorganization of special districts that currently serve the City. LAFCO will be examining those options during the next MSR/SOI five year cycle.

6) Local Accountability & Governance

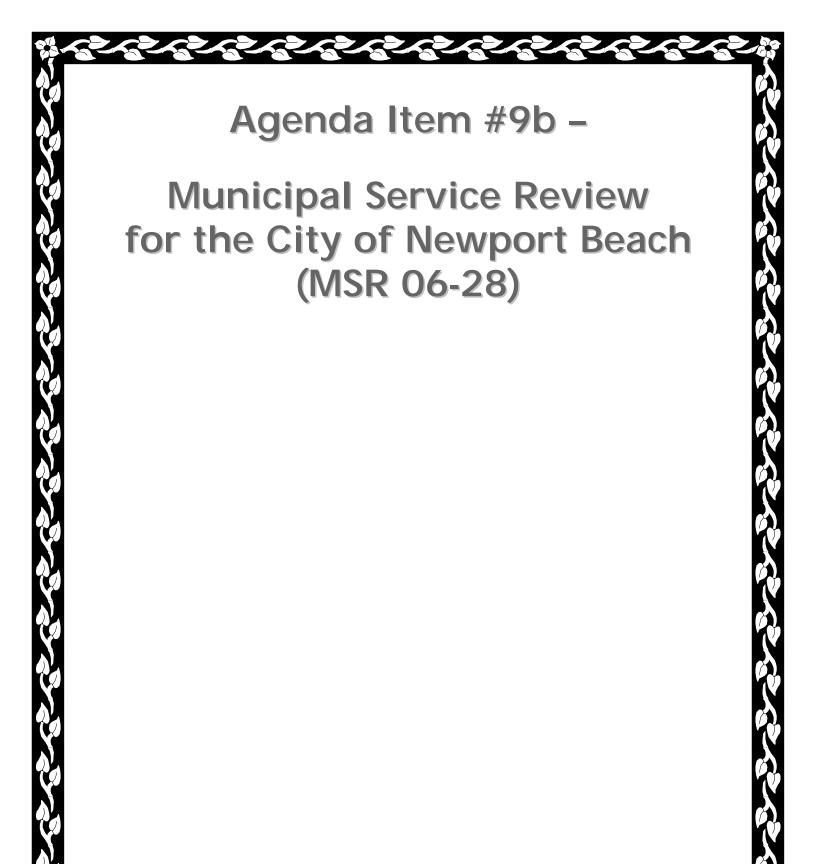
The City of Costa Mesa provides a strong resident outreach effort to its residents through its website, televised City Council meetings and community outreach efforts for City residents.

7) Opportunities for Cost Avoidance

No significant issues were noted.

8) Opportunities for Management Efficiencies No significant issues were noted.

9) Opportunities for Shared Facilities No significant issues were noted.







July 12, 2006

CHAIR ROBERT BOUER

Councilmember City of Laguna Woods

VICE CHAIR
BILL CAMPBELL

Supervisor Third District

PETER HERZOG

Councilmember City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

SUSAN WILSON

General Public

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: Proposed Municipal Services Review for the City of

Newport Beach (MSR 06-28)

The attached report includes the Municipal Service Review (MSR) and for the City of Newport Beach. LAFCOs are required by statute (Government Code Section 56430) to conduct MSRs as a way to assist agencies and residents by: (1) evaluating existing municipal services, and (2) identifying any future constraints or challenges that may impact service delivery in the next 15 to 20 years.

LAFCOs are also required to complete Sphere of Influence (SOI) reviews in conjunction with Municipal Service Reviews for each city and special district at least once every five years. SOIs identify a city's (or district's) ultimate service boundary within a 15-year time horizon. An SOI is used as a long range planning tool that guides future LAFCO decisions on individual jurisdictional boundary changes, incorporation proposals, district formation, and proposals for consolidation, merger, or formation of subsidiary districts. A comprehensive update to the City of Newport Beach's sphere of influence is scheduled for 2007.

No Significant Issues Identified

No significant issues were identified for the City of Newport Beach. Staff is recommending that the Commission receive and file the MSR report (Attachment 1) and adopt the nine MSR determinations contained therein.

July 12, 2006

RE: City of Newport Beach MSR

Page 2

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for the City of Costa Mesa Municipal Service Review. Staff completed an initial study, and it was determined that a project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted or funded does not require the preparation of an EIR. Accordingly, a Draft Negative Declaration (*Attachment 2*) was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declaration have been received.

Additionally, staff recommends that the Commission certify that, based upon the Negative Declaration, the Municipal Service Review will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code, and direct staff to file a *de minimus* statement with California Wildlife, Fish and Game (*Attachment 3*).

RECOMMENDATIONS

Staff recommends that the Commission:

- 1. Receive and file the Municipal Service Review Report for the City of Newport Beach (*Attachment 1*).
- 2. Adopt the Draft Negative Declaration (*Attachment 2*) prepared for the proposed City of Newport Beach Municipal Service Review.
- 3. Certify the *De Minimus* Impact Finding Statement for the California Wildlife, Fish and Game Department (*Attachment 3*).
- 4. Adopt the resolution for the City of Newport Beach Municipal Service Review adopting the nine MSR determinations (*Attachment 4*).

Respectfully submitted,	
JOYCE CROSTHWAITE	BOB ALDRICH

July 12, 2006 RE: City of Newport Beach MSR

Page 3

Attachments:

- 1.
- 2.
- MSR Report Draft Negative Declaration De Minimus Impact Findings LAFCO Resolution 3.
- 4.

Attachment 1 -

City of Newport Beach Municipal Service Review Report



MSR/SOI Report

City of Newport Beach
July 12, 2006





Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) July 12, 2006

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Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) *July 12, 2006*

EXECUTIVE SUMMARY

The purpose of this report is to provide a comprehensive review of the municipal services provided by the City of Newport Beach. Municipal Service Reviews (MSRs) are required by the Cortese-Knox-Hertzberg Act of 2000 to be completed before (or concurrently with) an agency's sphere of influence update.

The report is organized into five sections:

- 1. *Executive Summary –* Provides an overview of the report's structure and content.
- 2. *Introduction* Explains the statutory requirements related to municipal service and sphere of influence reviews.
- 3. *History of Newport Beach* Provides a brief historical overview of the Newport Beach MSR area.
- 4. *The Nine Determinations* Examines the City of Newport Beach's structure and service provision as they relate to the nine municipal service review (MSR) determinations required by law.
- 5. *Service Review Determinations -* Summarizes LAFCO staff's nine MSR determinations based on the analysis of the City of Newport Beach's structure and service provision.

MUNICIPAL REVIEW SUMMARY

No significant issues were noted. The City is projected to have modest growth over the next 15 years (approximately 8,600 new residents), and no significant infrastructure needs or deficiencies were noted. The City's proposed FY 2005-2006 budget is balanced, with estimated revenues for all funds totaling \$175,712,941 and projected expenditures for the same period totaling \$150,852,903. Revenues exceed expenditures by approximately \$25 million. No rate restructuring opportunities were noted. The City uses private contracts wherever possible to reduce costs and increase management efficiencies. The City uses a variety of means to increase local accountability and governance.

Two unincorporated areas remain within the City's sphere of influence: (1) the one-acre Emerson Island property consisting of nine single family homes located along Emerson Street, east of Tustin Avenue, and (2) the 465-acre Banning Ranch property located

The Nine Determinations - 2



Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) *July 12, 2006*

north of Pacific Coast Highway and south and west of the Cities of Costa Mesa and Newport Beach. Two government structure options exist for the City:

- (1) Annexation of Banning Ranch and the Emerson Island; and
- (2) Annexation of unincorporated areas not currently within the City's SOI. These may include West Santa Ana Heights, the Santa Ana Country Club and the South Mesa areas.

INTRODUCTION

Pursuant to a 2000 legislative requirement, LAFCO must conduct a comprehensive review of municipal service delivery and update, as necessary, the spheres of influence of agencies under LAFCO's jurisdiction not less than every five years. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determination with respect to each of the following:

- 1) Infrastructure needs or deficiencies;
- 2) Growth and population projections for the affected area;
- 3) Financing constraints and opportunities:
- 4) Cost avoidance opportunities:
- 5) Opportunities for rate restructuring;
- 6) Opportunities for shared facilities;
- 7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- 8) Evaluation of management efficiencies; and
- 9) Local accountability and governance.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make "determinations" regarding the provision of public services per Government Code Section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for *possible* future action that LAFCO has not approved (Cal. Pub. Res. Code § 21150). The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action on a change of organization or a reorganization.



Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) *July 12, 2006*

SPHERE OF INFLUENCE UPDATES

LAFCO is also charged with adopting a sphere of influence for each city and special district within the county. A sphere of influence is a planning boundary that designates the agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual proposals involving jurisdictional changes. Spheres ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine the sphere of influence of each local governmental agency within the county, and to review and update the SOI every five years. In determining the SOI, LAFCO must address the following:

- 1) Present and planned land uses in the area, including agricultural and openspace lands;
- 2) Present and probable need for public facilities and services in the area;
- 3) Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide; and
- 4) Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.

A comprehensive sphere of influence update for the City of Newport Beach will be conducted in 2007.

HISTORY OF NEWPORT BEACH

In 1870, Captain S. S. Dunnells guided a 105-ton river steamer called the "Vaquero" into an unnamed harbor. Dunnells' trip cast new light on the potential of the bay which many had said was too dangerous for travel. The principal landowners in the area – James and Robert McFadden





Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) *July 12, 2006*

and James Irvine – envisioned a "new port" and saw the potential for shipping business in the area. For 19 years, beginning in 1875, the Mc Fadden brothers operated a thriving commercial trade and cargo shipping business. However, the bay was not yet a true harbor - sand bars and a treacherous bay entrance caused the McFadden Brothers to move their shipping business to the oceanfront by constructing a large pier (now called Newport Pier) on the sand spit that would later become the Balboa Peninsula.

McFadden Wharf was completed in 1888 and was connected by railroad to Santa Ana in 1891. For the next eight years, the McFadden Wharf area was a booming commercial and shipping center, and a company town began to grow. In 1899, however, the federal



government allocated funds for major improvements to a new harbor at San Pedro which would become Southern California's major seaport. The McFadden Wharf and railroad was sold to the Southern Pacific Railroad that same year, signaling the end of Newport Bay as a regional commercial shipping center.

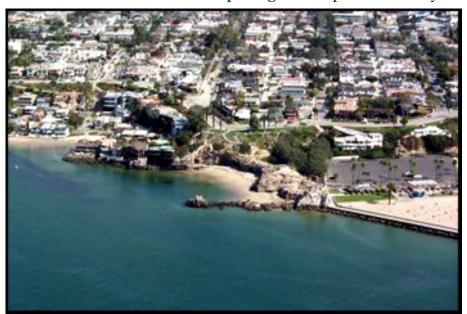
In 1902, James McFadden sold his Newport town site and about half of Balboa Peninsula to William S. Collins who saw Newport Bay's resort and recreational potential. Collins joined Henry E. Huntington as a partner in the Newport Beach Company. Huntington had acquired the Pacific Electric railway system and used it to promote new communities outside of Los Angeles. In 1905, the Pacific Electric "Red Cars" were extended to Newport. Soon the Red Car would bring thousands of summertime visitors from Los Angeles.

In August 1906, residents in the booming bay town voted to incorporate. The vote was 43 – 12 to become the City of Newport Beach. Between 1902 and 1907, many of Newport Beach's waterfront communities were subdivided, including West Newport, East Newport, Bay Island, Balboa Peninsula and Balboa Island. This established a grid system of small lots and narrow streets and alleys that still exist today in many of these areas. Within a few years, real estate promoters



Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) *July 12, 2006*

began sending salesmen up to Pasadena and Los Angeles (both connected by Red Cars) to promote property in and around Newport Harbor. Considerable Newport Beach property was sold in Pasadena, which is why so many longtime Newport Beach residents continue to have family and contacts in the Pasadena area. Throughout the early 1930s, a series of improvements were made to the harbor and harbor entrance which culminated in the 1936 opening of Newport Harbor by President Franklin



Roosevelt (by telegraph key) from Washington D.C.

The early 1940s, with the beginning of World War II, saw an increased military presence in the region with the opening of the Santa Army Base, the El Toro Marine Base and the Tustin "Lighter-Than-Air" Station used to house blimps on coastal

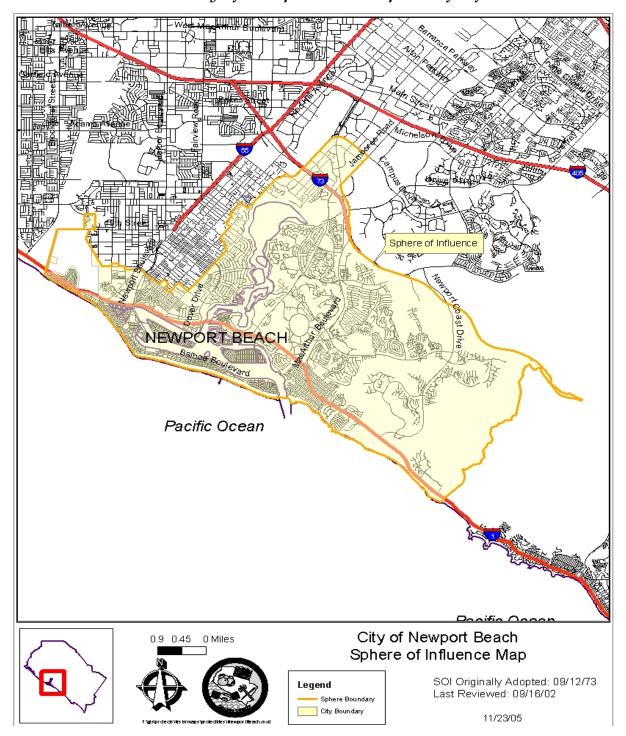
submarine patrol. Many of the servicemen were attracted to Newport Beach and many returned to permanently settle in the area. Population growth within Newport Beach increased by approximately 65% during 1940 to 1950, and roughly doubled in the post-World War II period between 1950 and 1960. The 1960s through the 1990s continued to see steady increases in housing, population and employment growth within the City. In the last four years, the City annexed the Newport Coast area, East Santa Ana Heights and a portion of the Bay Knolls island, increasing the size of the City by almost 5,694 acres. The year 2006 marks the centennial anniversary of the incorporation of the City of Newport Beach.



Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28)

July 12, 2006

Exhibit 1 - City of Newport Beach Sphere of Influence



Municipal Service & Sphere of Influence Review Report for the City of Newport Beach (MSR 06-28) *July 12, 2006*

THE NINE DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

Countywide Growth Trends

As of January 1, 2005, the official population estimate for Orange County from the California State Department of Finance for Orange County was 3,056,865. This population estimate ranks Orange County as the second most populous county in California and the fifth most populous in the nation. Population growth is expected to reach 3,340,282 people by the year 2020. The most significant factor contributing to Orange County's population growth is natural increase (births minus deaths). In terms of density, Orange County ranks second within California, just behind the County/City of San Francisco. *Table 1- County Population and Density Comparisons*, below, shows Orange County's size in comparison to other nearby counties.

Table 1 - County Population and Density Comparisons

County	Population	Unin- corporated Percentage 2000	Unin- corporated Percentage 2004	Land Area (acres)	Simple Density (persons/ acre)
Alameda	1,466,900	9.3%	9.3%	472,060	3.11
Contra Costa	963,000	19.2%	15.7%	460,740	2.09
Los Angeles	9,716,000	10.5%	10.5%	2,598,980	3.74
Orange	2,978,816	7.7%	3.7%	505,220	5.73
Riverside	1,577,700	26.4%	26.8%	4,612,740	0.34
Sacramento	1,242,000	53.1%	45.7%	618,050	2.01
San Bernardino	1,742,300	17.3%	15.9%	12,833,600	0.14
Santa Clara	1,709,500	6.1%	5.7%	826,050	2.07
San Diego	2,856,300	16.1%	15.6%	2,687,940	1.06



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Growth within the City of Newport Beach

Starting out as a small beach town with 445 residents, Newport Beach has grown to a



community of approximately 84,273 residents. During summer months, the population significantly increases with 20,000 to 100,000 tourists visiting on a daily basis. Newport Beach's incorporated city limits now encompass approximately 16,584 acres, or just over 25 square miles. The City has diverse mix of residential, institutional, local and regional commercial businesses and centers, harbor and waterfront uses, mixed use development and

parks and open space (see Table 2 – City of Newport Beach Land Use Distribution).

Table 2 - City of Newport Beach Land Use Distribution

Land Use Distribution	Percent of Land Use	
Residential	49.8%	
Open Space	35.7%	
Commercial	9.6%	
Institutional	3.8%	
Industrial	0.7%	
Unclassified	0.3%	

Residential uses represent the largest portion of land uses with the City, characterized by many distinct neighborhoods. A variety of retail uses are located throughout Newport Beach including neighborhood shopping centers, commercial strips and villages and shopping centers. The largest retail center in the City is Fashion Island, a regional attraction that is framed by a mixture of office, entertainment, and residential uses. Much of the City's office space is located in Newport Center and the John Wayne Airport area. Newport Center is an area of both high and low-rise offices surrounding the Fashion Island retail area. The Airport area encompasses the properties abutting and east of John Wayne Airport and is in close proximity to the Irvine Business Complex and University of California, Irvine. This area includes a mix of low, medium,



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and high rise office uses as well as research and development and high technology businesses.

Over the next 15 years, the Center for Demographic Research, California State University Fullerton, projects that Newport Beach's population will experience an increase of 8,608 residents for a total of population of 92,881 residents by year 2020. This represents a 10 percent growth in the City's population over the next 15 years. The City currently has an estimated 42,260 housing units and is expected to add an additional 2,014 units by year 2020. Rental rates begin at approximately \$1,350 per month; sales prices for existing homes begin at approximately \$800,000. The highest priced home currently on the market in Newport Beach is located in the Cameo Shores area and has an asking price of \$75 million. Newport Beach currently supplies approximately 72,953 jobs. The City is expected to add an additional 4,656 jobs over the next 15 years. *Table 3 Newport Beach Population, Housing and Employment Projections*, below, summarizes projected City growth between years 2005 and 2020.

Table 3 - City of Newport Beach Population, Housing and Employment Projections

Year	Population	Dwelling Units	Employees
2005	84,273	42,260	72,953
2010	89,258	44,115	75,484
2015	91,409	44,294	76,758
2020	92,881	44,595	77,609

Source: Center of Demographic Research, CSUF

The City's General Plan, adopted in 1988, is currently undergoing a comprehensive

citywide update. A draft of the updated General Plan and accompanying Environmental Impact Report (EIR) were released for public review in March 2006. A 38-member General Plan Advisory Committee, along with the Planning Commission and City Council, are spearheading ongoing community discussions on each of the General Plan elements, policies and potential mitigation measures. Final





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adoption of the City's new General Plan is expected in the summer or fall of 2006. The draft General Plan proposes to incorporate an integrated framework of growth management, land use, circulation, infrastructure and urban design goals and policies which, when used together, manages growth and development and assists in maintaining and enhancing the City's existing quality of life.

The City's adopted 2005-2006 Capital Improvements Program (CIP) serves as a plan for the provision of public improvements, special projects, and on-going maintenance programs. The 2005-2006 CIP budget totals approximately \$42.8 million and consists of a variety of infrastructure-related improvements to: arterial highways, local streets, storm drains, bay and beach improvements, park and facility improvements, water and wastewater system improvements, and planning programs. The City has adequately planned for future growth and associated infrastructure through its General Plan update process and annual capital improvement program (CIP).

In November 2000, Newport Beach voters approved Measure S ("Protection from Traffic and Density Initiative"), also referred to as the Greenlight Initiative. Greenlight requires voter approval of major developments that exceed entitlements under the City's existing General Plan. Another ballot initiative, "Greenlight II," has qualified for the November 2006 ballot. Greenlight II, if passed by Newport Beach voters, would require voter approval of new projects which are in excess of 100 housing units, create more than 100 peak-hour car trips, or result in more than 40,000 square feet of building space.

No significant issues were noted.

INFRASTRUCTURE NEEDS & DEFICIENCIES

This determination addresses the adequacy of existing and planned infrastructure needed to accommodate future growth and the efficient delivery of public services. The City of Newport Beach was incorporated on September 1, 1906. The current City Charter was adopted in 1954. The City operates under a Council-Manager form of government. The City or other agencies which provide services to Newport Beach residents are described in *Table 4*, below.

Table 4 - City of Newport Beach Service Providers

Service	Current Service Provider	
Animal Control	City of Newport Beach	
City Attorney	City of Newport Beach	



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Service	Current Service Provider	
Community Development	City of Newport Beach	
Fire & Paramedic	City of Newport Beach	
Library	City of Newport Beach	
Parks & Recreation	City of Newport Beach	
Police & Marine Safety	City of Newport Beach	
Solid Waste	City of Newport Beach	
Water	City of Newport Beach, Irvine Ranch Water District, Mesa Consolidated Water District	
Sewer	City of Newport Beach, Irvine Ranch Water District, Costa Mesa Sanitation District	

The City's existing General Plan establishes levels of service for municipal services and mandates ongoing review of key public services. This helps to ensure orderly City growth and development and that services and facilities will be provided concurrent with need. To ensure ongoing implementation of adequate public service programs, the City adopts an annual budget, an annual capital improvement program (CIP) and work program to ensure that service levels are maintained or improved and that the CIP is adequately funded. For FY 2005-2006, the CIP budget allocates over \$42 million to enhance existing infrastructure and provide new infrastructure to aid in service delivery to the City of Newport Beach. Key projects funded for FY 2005-2006 include water and sewer master plan improvements, street repair and construction, circulation improvements and beach and marina repairs.

Police and Fire Services

The City of Newport Beach Fire, Police and Marine Safety Departments provide public safety services to City residents, businesses and visitors. The Police Department is divided into four divisions: the Office of the Chief of Police, Patrol/Traffic, Detectives, Support Services, and Fleet Maintenance. The Department consists of three Captains, nine Lieutenants and 148 sworn officers.



An October 2005 survey of 22 police agencies within Orange County, conducted by the *Orange County Register*, indicated that the City has an officer to population ratio of one



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officer for every 783 residents. The *Register* survey measured effectiveness of police agencies in eight categories: response time, citizens per officer, homicide clearance, violent crime clearance, property crime clearance, burglary clearance, violent crime rate and property crime rate. When compared to other police agencies, the Newport Beach Police Department offers one of the highest levels of police officer to resident ratios in the County. According to the study, average response time for life-threatening emergencies within Newport Beach averaged 4.56 minutes.

The City of Newport Beach Fire Department provides 24-hour emergency response. The Department focuses on emergency services, fire prevention, disaster preparedness and training and education. The Fire Department maintains a single Operations Division which includes fire, emergency medical service and lifeguard responders. Fire emergency responders are strategically located in eight fire stations throughout the City ensuring they can respond rapidly to emergency situations. Construction of a new fire station in Santa Ana Heights will include a firefighter training facility and community

The Fire Department also leads community outreach and volunteer programs, including the highly regarded Junior Lifeguard and Fire Medics Programs. The Junior Lifeguard Program, initiated in 1983, continues to draw about 700 participants per year. The program provides training in water safety practices and rescue techniques and is the primary source for identifying future City lifeguards. Fire Medics is

a voluntary program that protects residents from the unexpected costs of paramedic services and emergency ambulance transportation. Newport Beach residents who chose to participate pay a \$49 annual subscription fee.

Parks & Recreation

training classroom.

The Newport Beach Recreation and Senior Services Department is responsible for the development and operation of public parks in the City of Newport Beach. These encompass parks, greenbelts, beaches and public docks, as well as joint use of public school grounds. The City collects fees and/or requires dedication of land for parks in accordance with the Quimby Act, based on a standard of five acres of park for each 1,000 residents.



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Currently, there are approximately 286.4 acres of parks and 90.4 acres of active beach recreation within Newport Beach - a combined total of 376.8 acres. In June 2005, it was estimated that a total of 415.6 acres of parkland is needed with the City to accommodate the City's current population of 83,120 residents (utilizing the city standard of 5 acres per 1,000 persons). This represents a total deficit of 38.8 acres of combined park and beach acreage citywide. Three planned parks in West Newport, Newport Center, and Newport Coast, if built, will help alleviate the citywide park deficit.

Water and Sewer

Water service to the City of Newport Beach is provided by the City, Irvine Ranch Water District (IRWD), and Mesa Consolidated Water District. The City serves much of the urbanized areas of the City, with IRWD providing service to Newport Coast/Newport Ridge, a portion of the Airport area, the Upper Bay, and a number of other small pockets. Mesa provides service to a portion of Newport Mesa and a small area north of Banning Ranch. About 75 percent of the City's water is through groundwater sources; the remaining 25 percent is purchased from the Metropolitan Water District through the Orange County Water District.

Each water agency maintains master plans for services, facilities, maintenance, and improvements necessary to support existing and projected population growth and development. These include the City's Urban Water Management Plan, Irvine's Water Resources Management Plan, and Mesa's Water Master Plan. Conservation practices and requirements to meet regional, state and federal water quality regulations are included



within the respective plans. Each agency maintains a capital improvements program for the provision of water system improvements, special projects and ongoing maintenance. Water demands are monitored and periodically the plans are update to account for any service issues and regulatory changes.

Sewer service in the City of Newport Beach is provided by the City, Irvine Ranch Water District, and Costa Mesa Sanitation District. The City serves much of the urbanized areas of the City, with the IRWD providing service to Newport Coast/Newport Ridge,





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Bonita Canyon, the Upper Bay and a number of other small pockets. The CMSD provides service to a number of pockets on the City's western boundary. Wastewater from these service areas is collected, treated, and disposed by the Orange County Sanitation District. The two treatment plants serving the region are operating at 52 to 55 percent of their design capacity and can accommodate additional growth.

No significant issues regarding infrastructure needs and deficiencies were noted.

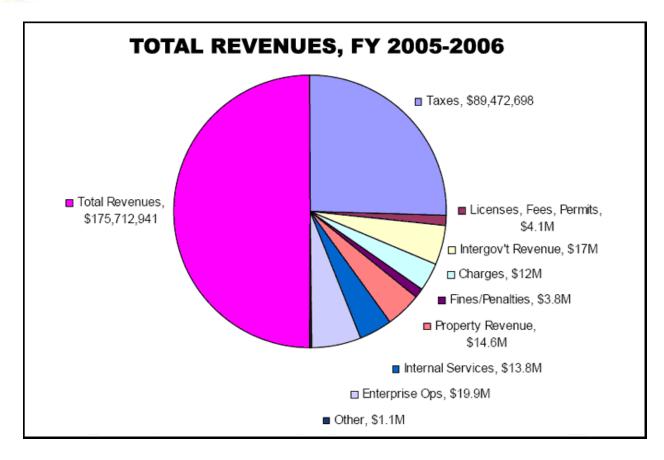
FINANCING CONTRAINTS & OPPORTUNITIES

The City of Newport Beach uses an annual budget process, with the most recent budget adopted for the FY 2005-2006 period. The budget is prepared on a modified accrual basis with all appropriations lapsing at the close of the fiscal year.

The City of Newport Beach, like most cities in Orange County and throughout California, faces financing uncertainties due to the changes in the funding structure for cities. The State budget instituted a number of changes in how local revenues are allocated to help the state address the ongoing budget crisis. The four primary local tax revenue funds involved are sales and use taxes, Vehicle License Fees (VLF), property taxes, and Educational Revenue Augmentation Funds (ERAF). The largest impact on the City came from reductions in property tax revenues in FYs 2004-2005 and 2005-2006.



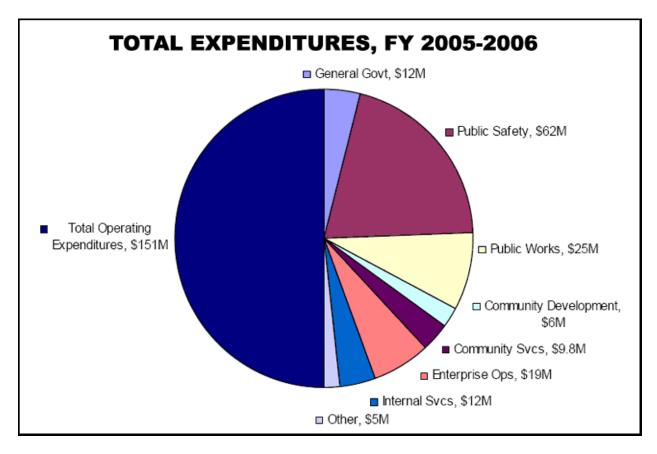
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The City's proposed FY 2005-2006 budget is balanced, with estimated revenues for all funds totaling \$175,712,941 and projected expenditures for the same period totaling \$150,852,903. Revenues exceed expenditures by approximately \$25 million.

No significant issues were noted.

COST AVOIDANCE OPPORTUNITIES/OPPORTUNITIES FOR SHARED FACILITIES

The City of Newport Beach contracts for various services including custodial services, storm drain cleaning, alley sweeping, and recreation program instruction. Core services, including police, fire, lifeguards, and libraries, continue to be provided by City staff.

No significant issues were noted.



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OPPORTUNITIES FOR RATE RESTRUCTURING

The City Council reviews its budget annually and establishes fees and charges for services to ensure that revenues are adequate to meet expected expenses. Fees charged by some service providers are beyond the purview of the City of Newport Beach; however, the City works closely with service providers to ensure the most efficient and cost effective services.

No significant issues were noted.

GOVERNMENT STRUCTURE OPTIONS

In the last four years, the City has annexed approximately 5,694 acres of territory. These annexations included: (1) the Newport Coast annexation comprising 5,441 acres located south of the San Joaquin Hills Corridor, northwest of Crystal Cove State Park and southeast of the existing City limits; (2) the East Santa Ana Heights annexation consisting of approximately 200 acres located north of Mesa Drive and southeast of John Wayne Airport; and, (3) the Bay Knolls reorganization, located west of Irvine/Tustin Avenues and south of Isabel Avenue, which added about 53 acres to the City.

Two unincorporated areas remain within the City's sphere of influence: (1) the one-acre Emerson Island property consisting of nine single family homes located along Emerson Street, east of Tustin Avenue, and (2) the 465-acre Banning Ranch property located north of Pacific Coast Highway and south and west of the Cities of Costa Mesa and Newport Beach. The City is in the process of preparing an annexation application for the Emerson Street property. Two government structure options exist for the City:

- (1) Annex Banning Ranch the City of Newport Beach surrounds the Banning Ranch property on the north and west by a one-foot strip of City territory that was annexed to the City in 1950. Potential access and municipal services to the site could be provided through either the City of Newport Beach or the City of Costa Mesa.
- (2) Annex unincorporated islands not currently within the City's SOI. These may include West Santa Ana Heights, the Santa Ana Country Club and the South Mesa areas. All three areas are currently within the City of Costa Mesa sphere of influence. In 2002, LAFCO approved the annexation of the Santa Ana Country Club and the South Mesa area to the City of Costa Mesa. Both were subsequently terminated through registered voter protest.



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LOCAL ACCOUNTABILITY & GOVERNANCE

No significant issues regarding local accountability and governance were noted. The City of Newport Beach has seven (7) council members, each residing in distinct geographical districts, elected at-large, for four year, staggered terms. The city council selects the Mayor and Mayor Pro Tem annually to serve one-year terms. The council members also serve on special committees that review specific issues and make recommendations to the full city council.

The city council meets on the first and third Tuesday of each month at 7:00 p.m. All council meetings are televised live through the city's local cable television outlet. Reruns of the council meetings are available on line through the City's website: www.city.newport-beach.ca.us. The City maintains a website to increase local accountability. *Table 5*, below, lists the current city council members and their terms of office.

Table 5 - Newport Beach City Council Members

City of Newport Beach Council Members	Title	Term Expires	Monthly Stipend*
Don Webb	Mayor	2006	\$1392.94
Steven Rosansky	Mayor Pro Tem	2008	\$981.82
Todd Ridgeway	Council Member	2006	\$981.82
Edward Selich	Council Member	2008	\$981.82
Keith Curry	Council Member	2008	\$981.82
Richard Nichols	Council Member	2006	\$981.82
Leslie Daigle	Council Member	2006	\$981.82

^{*}Council members are also eligible to receive certain life insurance, medical and retirement benefits.



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SERVICE REVIEW DETERMINATIONS

1) Growth & Population Projections

The City is projected to experience an increase of approximately 8,600 residents by the year 2020.

2) Infrastructure Needs & Deficiencies

The future growth projected for the City, while modest, will increase the demand for additional municipal level services. The City of Newport Beach reviews infrastructure needs annually through it budget and capital improvement program to ensure that those city services will match projected growth. The City prides itself on providing a high level of municipal services for its residents.

3) Financing Opportunities & Constraints

The impact of the local revenues shift to the State from the City of Newport, like all cities in Orange County and California, will result in reductions in City revenues. The City uses an annual budget process prepared on a modified accrual basis with all appropriations lapsing at the close of the fiscal year. The City's proposed FY 2005-2006 budget is balanced. Revenues are projected to exceed expenditures by \$25 million.

4) Opportunities for Rate Restructuring

No issues regarding rate restructuring currently apply.

5) Government Structure Options

Two unincorporated areas remain within the City's sphere of influence: (1) the one-acre Emerson Island property located along Emerson Street, east of Tustin Avenue, and (2) the 465-acre Banning Ranch property located north of Pacific Coast Highway and south and west of the Cities of Costa Mesa and Newport Beach. The City is preparing an annexation application for the Emerson Island. In addition to the annexation of the Emerson Island two government structure options exist for the City: (1) annexation of Banning Ranch, and (2) annexation of unincorporated areas not currently within the City's SOI. These may include West Santa Ana Heights, the Santa Ana Country Club and the South Mesa areas.

Statement of Determinations

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6) Local Accountability & Governance

The City of Newport Beach provides a strong resident outreach effort to its residents through its website, televised City Council meetings and community involvement in development of a comprehensive General Plan update.

7) Opportunities for Cost Avoidance

No significant issues were noted.

8) Opportunities for Management Efficiencies

No significant issues were noted.

9) Opportunities for Shared Facilities

No significant issues were noted.

Statement of Determinations

Attachment 2 – Draft Negative Declaration

ENVIRONMENTAL CHECKLIST FORM

1) <u>Project Title</u>: City of Newport Beach Municipal Services Review

(MSR 06-28)

2. Lead Agency Name and Address: Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

3. Contact Person and Phone Number: Bob Aldrich, Assistant Executive Officer, (714) 834-2556

4. <u>Project Location</u>: The City of Newport Beach comprises approximately 16,584 acres (25 square miles) and is located in coastal Orange County. The City is bordered to the west by the City of Costa Mesa, to the north and east by the City of Irvine, and to the south

by the Pacific Ocean.

5. Project Sponsor's Name and Address: Orange County LAFCO

12 Civic Center Plaza, Room 235

Santa Ana, CA 92701

6. General Plan Designation: Residential, Industrial, Commercial and Open Space

7. Zoning: Residential, Industrial, Commercial and Open Space

8. <u>Description of Project</u>: Pursuant to Government Code Section 56430, LAFCO is required by law to conduct Municipal Service Reviews (MSRs) for all cities and special districts located within Orange County. MSRs are a new mandate from the state legislature which requires LAFCO to prepare special studies on future growth and evaluate how local agencies are planning for growth through their municipal service and infrastructure systems.

Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the preparation of the Municipal Service Review study for the City of Newport Beach. The negative declaration confirms the findings of the associated initial study that the proposed project (MSR 06-28) will not have a significant effect on the environment.

LAFCO staff is recommending that the Commission: (1) receive and file the City of Newport Beach MSR report, and (2) adopt nine written statements of its determination regarding the following factors: infrastructure needs or deficiencies; growth and population projections; financing constraints and opportunities; cost avoidance opportunities; opportunities for rate restructuring; opportunities for shared facilities; government structure options; management efficiencies; and, local accountability and governance.

- 9. <u>Surrounding Land Uses and Setting</u>: The City and surrounding areas are largely urbanized. About 50 percent of the City of Newport Beach is developed with residential uses, 36 percent is open space, 10 percent is commercial and 4 percent is institutional uses.
- Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement):
 None

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

~	Aesthetics	~	Agriculture Resources	~	Air Quality
~	Biological Resources	~	Cultural Resources	~	Geology / Soils
~	Hazards & Hazardous Materials	~	Hydrology / Water Quality	~	Land Use / Planning
~	Mineral Resources	~	Noise	~	Population / Housing
~	Public Services	~	Recreation	~	Transportation / Traffic
~	Utilities / Service Systems	~	Mandatory Findings of Significance		

DETERMINATION (To be completed by the Lead Agency):

On the basis of this initial evaluation:

- ✓ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ~ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- ~ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

	<u>July 12, 2006</u>
Signature	Date
Joyce Crosthwaite, Executive Officer	Orange County LAFCO
Printed Name	For

•			
	CCI	116	
1	201	u٠	.o.

	Less Than Significant		
Potentially Significant Impact	With Mitigation Incorporated	Less Than Significant Impact	No Impact

I. AESTHETICS. Would the project:

a) Have a substantial adverse effect on a scenic vista?

X

b) Substantially damage scenic resources, including, but not limited to, tress, rock outcroppings, and historic buildings within a state scenic highway?

X

c) Substantially degrade the existing visual character or quality of the site and its surroundings?

X

d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

X

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the aesthetics of the project area. This includes not adversely affecting scenic vistas, damaging scenic resources, degrading visual character, or creating new sources of light.

II. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

 \mathbf{X}

a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?

X

b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?

•				
	CC	•	C	•

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact

c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.

- III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:
 - a) Conflict with or obstruct implementation of the applicable air quality plan?
 - b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?
 - c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?
 - d) Expose sensitive receptors to substantial pollutant concentrations?
 - e) Create objectionable odors affecting a substantial number of people?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.

IV. BIOLOGICAL RESOURCES. Would the project:

X

X

X

X

X

X

X

		Significant Impact	Mitigation Incorporated	Significant Impact	No Impact
a)	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
b)	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
c)	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d)	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X
e)	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
f)	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community				X

Less Than

Significant With

Less Than

Potentially

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any specific new developments to be built. The project will not result in any significant direct or cumulative impacts on the biological resources of the project area and this includes adversely affecting endangered, threatened, or rare species and their habitat.

Conservation Plan, or other approved local, regional, or state habitat conservation plan?

Significant Potentially With Less Than Significant Mitigation Significant No Impact Impact Incorporated Impact
--

V. CULTURAL RESOURCES. Would the project:

 a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5? X

b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?

X

c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? X

d) Disturb any human remains, including those interred outside of formal cemeteries?

X

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the cultural resources of the project area.

VI. GEOLOGY AND SOILS -- Would the project:

a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving:

X

i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.

X

ii) Strong seismic ground shaking?

X

iii) Seismic-related ground failure, including liquefaction?

X

iv) Landslides?

X

b) Result in substantial soil erosion or the loss of topsoil?

X

Potenti Signifi Impa	cant	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
				X

X

X

X

X

c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse?

d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?

e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the geology or soils of the project area including contributing to soil erosion or exposing individuals or structures to loss, such as injury or death, resulting from earthquakes or landslides.

VII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

b) Create a significant hazard to the public or the environment through reasonably foreseeable upset

c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?

and accident conditions involving the release of hazardous materials into the environment?

d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X
DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area.				
VIII. HYDROLOGY AND WATER QUALITY. Would the project:				
a) Violate any water quality standards or waste discharge requirements?				X
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				X
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on-				X

or off-site?

Issues:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
d) Substantially alter the existing drainage p the site or area, including through the alte the course of a stream or river, or substan increase the rate or amount of surface run manner which would result in flooding or site?	ration of tially off in a				X
e) Create or contribute runoff water which we exceed the capacity of existing or planned water drainage systems or provide substantial additional sources of polluted runoff?	l storm				X
f) Otherwise substantially degrade water qua	ality?				X
g) Place housing within a 100-year flood has as mapped on a federal Flood Hazard Bot Flood Insurance Rate Map or other flood delineation map?	ındary or				X
h) Place within a 100-year flood hazard area which would impede or redirect flood flo					X
 Expose people or structures to a signific loss, injury or death involving flooding, in flooding as a result of the failure of a leve 	ncluding				X
j) Inundation by seiche, tsunami, or mudfle	ow?				X
DISCUSSION: The Municipal Services Review feasibility and planning study that will not result depletion of groundwater supplies, alteration of drainage patterns, creation of runoff water, expensely to a significant risk of flooding nor will it a net deficit in aquifer volume.	in a existing osure of				
IX. LAND USE AND PLANNING. Would the	e project:				
a) Physically divide an established commun	ity?				X
b) Conflict with any applicable land use plan or regulation of an agency with jurisdiction project (including, but not limited to the plan, specific plan, local coastal program, ordinance) adopted for the purpose of avoid	on over the general or zoning				X

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
-	-	-	

c) Conflict with any applicable habitat conservation plan or natural community conservation plan?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any specific new developments to be built. Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to land use planning within the project area.

X.MINERAL RESOURCES. Would the project:

a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?

X

X

b) Result in the loss of availability of a locallyimportant mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? X

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on the mineral resources of the project area. This includes not incurring the loss of known valuable resources.

XI. NOISE. Would the project result in:

a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? X

b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?

X

c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?

X

d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?

X

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- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?
- f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts on noise levels within the project area. This includes not exposing individuals to excess ground borne vibrations or substantially increasing ambient noises, whether temporary, periodical, or permanent.

XII. POPULATION AND HOUSING. Would the project:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?
- b) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any substantial population growth or displacement of housing or people.

XIII. PUBLIC SERVICES. Would the project:

X

X

X

X

X

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Significant Mitigation Significant No Impac Impact Incorporated Impact		~	U	No Impact
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X

X

X

X

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire protection?	X
Police protection?	X
Schools?	X
Parks?	X

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any impacts on government facilities providing fire, police, schools, parks or other public services.

XIV. RECREATION. Would the project:

Other public facilities?

- a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?
- b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which have an adverse physical effect on the environment?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not have any impact on government facilities providing fire, police, schools, parks or other public services.

XV. TRANSPORTATION / TRAFFIC. Would the project:

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?				X
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				X
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?				X
e) Result in inadequate emergency access?				X
f) Result in inadequate parking capacity?				X
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?				X
DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct impact or cumulative impacts relating to transportation or circulation within the project area. This includes not causing an increase in street or air traffic patterns, creating inadequate emergency access or parking capacity, or conflicting with adopted transportation policies.				
XVI. UTILITIES AND SERVICE SYSTEMS. Would				

X

the project:

a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?

Issues:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				X
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				X
g) Comply with federal, state, and local statutes and regulations related to solid waste?				X
DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in the construction of new, or expansion or existing, water, wastewater and storm water drainage facilities.				
XVII. MANDATORY FINDINGS OF SIGNIFICANCE				
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat or a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of an endangered, rare or threatened species; or eliminate important examples of the major periods of California history or prehistory?				X

Less Than Significant Potentially With Significant Mitigation Impact Incorporated	Less Than Significant No Impact Impact	t
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- b) Does the project have the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals?
- c) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)
- d) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

DISCUSSION: The Municipal Services Review is a feasibility and planning study that will not result in any significant direct or cumulative impacts relating to mandatory finding of significance within the project area. This includes not degrading the quality of the environment or causing substantial adverse effects on individuals, whether directly or indirectly.

X

 \mathbf{X}

X

Attachment 3 – De Minimus Impact Findings

CERTIFICATE OF FEE EXEMPTION

De Minimus Impact Finding

Project Title/Location (include county): City of Newport Beach Municipal Service Review (MSR 06-28)

Name and Address of Project Applicant:

Orange County Local Agency Formation Commission (LAFCO) 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

<u>Project Description</u>: Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the City of Costa Mesa Municipal Service Review. In accordance with Government Code Sections 56425 and 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems. The negative declaration confirms the findings of the associated initial study that the proposed project (the Municipal Services Review for the City of Newport Beach) will not have a significant effect on the environment.

Findings of Exemption:

- 1. An Initial Study and Negative Declaration have been prepared by LAFCO to evaluate the project's effects on wildlife resources, if any.
- 2. The Lead Agency hereby finds that there is no evidence before LAFCO that the project will have any potential for adverse effect on the environment.
- 3. The project will not result in any changes to the following resources:
 - (A) Riparian land, rivers, streams, watercourses and wetlands;
 - (B) Native and non-native plant life and the soil required to sustain habitat for fish and wildlife;
 - (C) Rare and unique plant life and ecological communities dependant on plant life;
 - (D) Listed threatened and endangered plants and animals and the habitat in which they are believed to reside:
 - (E) All species listed as protected or identified for special management in the Fish and Game Code, the Public Resources Code, the Water Code or regulations adopted thereunder;
 - (F) All marine and terrestrial species subject to the jurisdiction of the Department of Fish and Game and the ecological communities in which they reside; and
 - (G) All air and water resources, the degradation of which will individually or cumulatively result in a loss of biological diversity among the plants and animals residing in that air and water.

CERTIFICATION:

I hereby certify that LAFCO has made the above finding(s) of fact and based upon the Initial Study, the Negative Declaration and the hearing record, the project will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

Lead Agency Representative: Joyce Crosthwaite

Title: Executive Officer Date: July 12, 2006

Attachment 4 – LAFCO Resolution (DRAFT)

MSR 06-28

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING THE MUNICIPAL SERVICE REVIEW FOR THE CITY OF NEWPORT BEACH

July 12, 2006

On motion of Commissioner ______, duly seconded and carried, the following resolution was adopted:

WHEREAS, proceedings for adoption, update and amendment of a sphere of influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update spheres of influence the Commission shall conduct municipal service reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Orange County LAFCO staff has prepared a report for the municipal service review for the City of Newport Beach (MSR 06-28), and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the report for the municipal service review for the City of Newport Beach (MSR 06-28) contains statements of determination as required by California Government Code Section 56430 for the municipal services provided by the city; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set July 12, 2006 as the hearing date on this municipal service review proposal and gave the required notice of public hearing; and

Resolution MSR 06-28 Page 1 of 3

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of a municipal service review for the City of Newport Beach; and

WHEREAS, this Commission called for and held a public hearing on the proposal on July 12, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), LAFCO, as lead agency under CEQA for municipal service reviews, determined that the municipal service review for Newport Beach (MSR 06-26) will not have a significant effect on the environment and has prepared a Negative Declaration.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) LAFCO, as lead agency, has determined that the municipal service review for the City of Newport Beach (MSR 06-28) will not have a significant effect on the environment as defined by State CEQA Guidelines. The Commission has therefore adopted a Negative Declaration for the City of Newport Beach municipal service review.
- b) The municipal service review will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.
- c) The Commission directs the Executive Officer to file a *de minimus* statement with California Wildlife, Fish and Game.

Resolution MSR 06-28 Page 2 of 3

Section 2. Determinations

- a) The Commission accepts the report for the municipal service review for the City of Newport Beach (MSR 06-28) as presented to the Commission on July 12, 2006.
- b) The Executive Officer's staff report and recommendation for approval of the municipal service review for the City of Newport Beach, dated July 12, 2006, are hereby adopted.
- b) The Commission has adopted the accompanying Statement of

 Determinations for the City of Newport Beach, shown as "Exhibit A."
- Section 3. This review is assigned the following distinctive short-form designation: "Municipal Service Review for the City of Newport Beach" (MSR 06-28).
- Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:	
NOES:	
STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, ROBERT BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 12th day of July, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of July, 2006.

ROBERT BOUER
Chair of the Orange County
Local Agency Formation Commission

By:		
•	Robert Bouer	

Resolution MSR 06-28 Page 3 of 3

THE NINE MSR DETERMINATIONS – City of Newport Beach

1) Growth & Population Projections

The City is projected to experience an increase of approximately 8,600 residents by the year 2020.

2) Infrastructure Needs & Deficiencies

The future growth projected for the City, while modest, will increase the demand for additional municipal level services. The City of Newport Beach reviews infrastructure needs annually through it budget and capital improvement program to ensure that those city services will match projected growth. The City prides itself on providing a high level of municipal services for its residents.

3) Financing Opportunities & Constraints

The impact of the local revenues shift to the State from the City of Newport, like all cities in Orange County and California, will result in reductions in City revenues. The City uses an annual budget process prepared on a modified accrual basis with all appropriations lapsing at the close of the fiscal year. The City's proposed FY 2005-2006 budget is balanced. Revenues are projected to exceed expenditures by \$25 million.

4) Opportunities for Rate Restructuring

No issues regarding rate restructuring currently apply.

5) Government Structure Options

Two unincorporated areas remain within the City's sphere of influence: (1) the one-acre Emerson Island property located along Emerson Street, east of Tustin Avenue, and (2) the 465-acre Banning Ranch property located north of Pacific Coast Highway and south and west of the Cities of Costa Mesa and Newport Beach. The City is preparing an annexation application for the Emerson Island. In addition to the annexation of the Emerson Island two government structure options exist for the City: (1) annexation of Banning Ranch, and (2) annexation of unincorporated areas not currently within the City's SOI. These may include West Santa Ana Heights, the Santa Ana Country Club and the South Mesa areas.

6) Local Accountability & Governance

The City of Newport Beach provides a strong resident outreach effort to its residents through its website, televised City Council meetings and community involvement in development of a comprehensive General Plan update.

7) Opportunities for Cost Avoidance

No significant issues were noted.

8) Opportunities for Management Efficiencies No significant issues were noted.

9) Opportunities for Shared Facilities No significant issues were noted.



West Santa Ana Heights Reorganization to the City of Newport Beach (RO 06-25)





July 12, 2005

CHAIR
ROBERT BOUER
Councilmember

Councilmember City of Laguna Woods

VICE CHAIR
BILL CAMPBELL

Supervisor Third District

PETER HERZOG

Councilmember City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

SUSAN WILSON

Representative of General Public

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: Proposed Reorganization of West Santa Ana Heights

(RO 06-25)

APPLICANT

City of Newport Beach by resolution.

ANNEXATION REQUEST

The City is requesting annexation and concurrent sphere of influence amendment for approximately 83 acres of inhabited, unincorporated territory known as West Santa Ana Heights (see Exhibit A). The proposed annexation area is within the City of Costa Mesa's sphere of influence.

The proposed annexation territory is located north of Mesa Drive, east of Santa Ana Avenue, west of Irvine Avenue and south of John Wayne Airport. The area is largely built-out and includes a diverse mix of land uses. The County has adopted the Santa Ana Heights Specific Plan which designates land uses in the area. A Project Advisory Committee (PAC) for the area serves as an advisory board to the Board of Supervisors on planning and redevelopment issues. The City of Newport Beach has prezoned the territory to be consistent with that Plan.

STAFF RECOMMENDATION

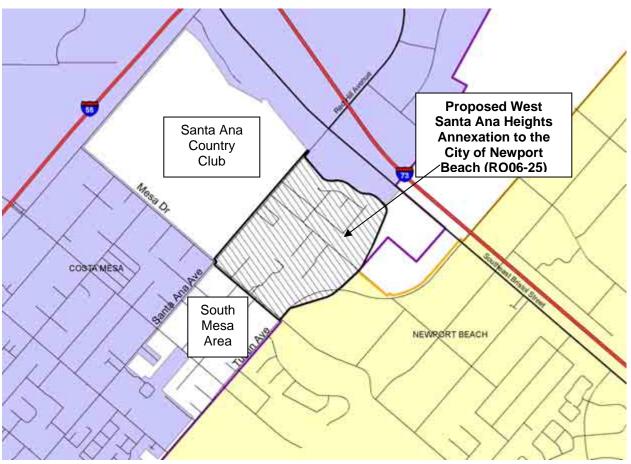
LAFCO staff recommends approval of the sphere amendment/annexation of West Santa Ana Heights to the City of Newport Beach. The annexation eliminates a large portion of an unincorporated island, may result in a higher level of municipal services for residents, and allows for more local representation. The annexation also provides an opportunity for all the parties involved to potentially resolve the boundary issues between the two cities comprehensively. Terms and conditions have been incorporated with the annexation to encourage an inclusive solution. Any solution will require the cooperation and dedication of all involved in finding a responsible and equitable solution.

Page 2

BACKGROUND OF BOUNDARY ISSUES

Boundary issues between Newport Beach and Costa Mesa in this area go back at least 30 years. The existing sphere of influence boundary between the two cities, along Tustin and Irvine Avenues, was originally recommended to LAFCO in 1969 by the "Inter-City Relations Committee" formed by the Cities of Costa Mesa and Newport Beach. This joint committee was formed to help resolve long-standing boundary disputes between the two cities.

Exhibit A - Proposed West Santa Ana Heights Sphere Change/Annexation to the City of Newport Beach



The committee recommended to LAFCO that Tustin and Irvine Avenues serve as the logical, future common boundary between the two cities. In 1973, LAFCO formally adopted a SOI boundary for the City of Costa Mesa, placing WSAH and the Santa Ana Country Club, directly west of WSAH, and the South Mesa area within the Costa Mesa SOI.

LAFCO Actions - September 2002

In September 2002, LAFCO considered 13 island annexation applications for the unincorporated areas located in and around West Santa Ana Heights. The territory included a total of 580 acres, with 380 acres located with the City of Costa Mesa SOI and 200 acres located within the City of Newport Beach SOI.

In summary, the Commission approved the following actions on September 16, 2002:

- Annexation of the Santa Ana Country Club and the South Mesa area to the City of Costa Mesa
- Annexation of East Santa Ana Heights to the City of Newport Beach
- Reorganization of the Bay Knolls island between the Cities of Newport Beach and Costa Mesa
- Annexation of five small islands (under 75 acres) to the City of Costa Mesa
- Continued consideration of the annexation of WSAH to the City of Costa Mesa

Santa Ana County Club/South Mesa Annexations Terminated

Following the September 2002 Commission action, approximately 79% of the registered voters within the South Mesa and Santa Ana Country Club areas filed written protests, overwhelmingly terminating the annexation of the Santa Ana Country Club and South Mesa area to the City of Costa Mesa. To date, the Santa Ana Country Club, South Mesa and West Santa Ana Heights areas remain unincorporated.

At the September 2002 meeting, LAFCO amended the Costa Mesa annexation application to exclude the West Santa Ana Heights portion. This action was taken to allow the City of Newport Beach additional time to determine if there was interest in serving all of Santa Ana Heights. The Cities of Newport Beach and Costa Mesa subsequently formed a committee of city council members to discuss boundary issues. The committee met infrequently and did not reach any agreements. Following several years of debate, the City of Newport Beach voted to initiate annexation of WSAH in February 2006.

ANALYSIS

The application before the Commission is for an annexation and sphere amendment for the West Santa Ana Heights (WSAH) area only. The City of

Newport Beach, the County of Orange and the WSAH residents have agreed that the area should annex to the City of Newport Beach. To facilitate annexation, the County of Orange has also agreed to transfer substantial redevelopment money to the City of Newport Beach.

The site is within the sphere of the City of Costa Mesa. On March 7, 2006, the Costa Mesa City Council stated that the City would not oppose annexation of West Santa Ana Heights to the City of Newport Beach if the boundary between Newport Beach and Costa Mesa could be established as the "centerline" of Santa Ana Avenue and Mesa Drive adjacent to WSAH. The City of Costa Mesa has expressed concerns that annexation of WSAH will lead to annexation of other areas within their City's sphere and would like a buffer of unincorporated territory between the City of Newport Beach, the Santa Ana Country Club and the South Mesa area. LAFCO's current policy is to avoid splitting jurisdictional boundaries along street centerlines. In the past, this practice has led to difficulties in coordinating street maintenance and improvements between agencies.

Other Potential Annexation Areas

As previously noted, in 2002 the Commission made important progress in solving jurisdictional boundary issues between Newport Beach and Costa Mesa. However, significant amounts time and effort – both at the staff and elected officials level – continue to be expended by both cities, the County and LAFCO in trying to resolve the remaining boundary issues between Newport Beach and Costa Mesa. In addition to West Santa Ana Heights, other potential annexation areas in the Newport Beach – Costa Mesa area include:

- 1. *Emerson Island* a one-acre, developed residential area generally located on the east side of Tustin Avenue, south of 21st Street. The territory was placed in the Newport Beach sphere of influence in 2002. The City of Newport Beach is currently preparing an annexation application for the property.
- 2. Santa Ana Country Club -- the 125-acre Santa Ana Country Club is a private, equity ownership country club which means that each member is a partial owner of the facility. Surrounded on three sides by the City of Costa Mesa, the property has been in the Costa Mesa sphere of influence for over 30 years. Primary access to the club is via Newport Boulevard which is located within the City of Costa Mesa. However, strong opposition from Country Club owners terminated an annexation attempt to the City of Costa Mesa in 2002, and it is likely that owner opposition

will continue in the future. The club supports annexation to the City of Newport Beach.

- 3. South Mesa The South Mesa area is approximately 83 acres in size and is developed primarily with single family homes. A small commercial area, anchored by a Irvine Ranch Market, is located within the South Mesa area at the southwest corner of Mesa Drive and Irvine Boulevard. Over 79 percent of the registered voters within South Mesa protested LAFCO's approval of an annexation attempt by the City of Costa Mesa in 2002. The protest terminated the City's annexation proceedings for this area. Residents continue to strongly support annexation to the City of Newport Beach.
- 4. Banning Ranch The Banning Ranch property consists of approximately 412 undeveloped acres. Approximately 357 acres (87 percent) are unincorporated, and 55 acres (13 percent) are located within the City of Newport Beach. The property is generally located immediately east of the Santa Ana River, north of Pacific Coast Highway, and south and west of the Cities of Costa Mesa and Newport Beach. Banning Ranch is located in the Newport Beach sphere of influence and is surrounded on the west, north, and northwest by a one-foot strip of Newport Beach. Potential access the site is possible from both Newport Beach and Costa Mesa.

In October 1950, three years prior to the incorporation of the City of Costa Mesa and 13 years prior to the formation of LAFCOs, a one-foot strip of property was annexed to the City of Newport Beach surrounding the Banning Ranch property on the west, north and northeast. Slightly less than two miles in length (9,841 feet), the 12-inch wide strip of Newport Beach effectively eliminates the City of Costa Mesa from ever annexing any portion of the Banning Ranch because it cuts off all contiguity to the City by one foot. In 1957, the State Legislature banned all strip annexations. Six years later, LAFCOs were formed to oversee city and district annexations throughout California and to ensure that boundaries were formed in a logical manner. LAFCO placed the Banning Ranch property in the Newport Beach sphere of influence in 1973.

Laying a Foundation for a Comprehensive Solution: Banning Ranch

If the Commission supports Newport Beach's request to approve the annexation of WSAH to the City of Newport Beach, it provides an additional opportunity for LAFCO to proactively address another long-standing boundary issue between Costa Mesa and Newport Beach: Banning Ranch. Government Code Section 56885.5 gives LAFCOs the authority to link one change of organization with another. Specifically, Government Code Section 56885.5 (a) states that

Commission approval of any change of organization or reorganization may be made conditional upon the completion of proceedings for another change of organization or reorganization.

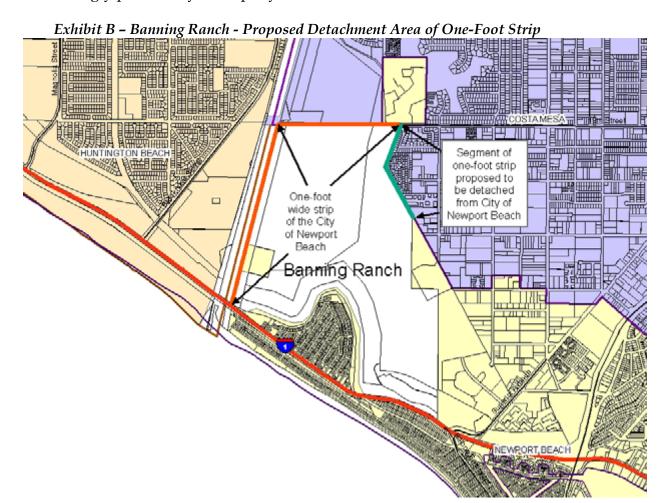
Currently undeveloped, 412-acre Banning Ranch has been used for oil extraction purposes over the last 75 years. The ultimate use of the Banning Ranch property is yet to be determined – the County of Orange General Plan designates the majority of the property for open space uses. Because of the site's native habitat and resources, some would like to see the property preserved as permanent open space. The property owner of Banning Ranch is currently exploring development options for the property through the City of Newport Beach. One potential alternative under consideration is development of a portion of the site with residential uses, limited retail commercial uses and a small hotel. The northeastern portion of Banning Ranch is located immediately adjacent to the City of Costa Mesa's Westside "revitalization area" and the City's West 17th and West 19th Streets "dead-end" at the Banning Ranch property line. The City of Newport Beach indicates that access to the property, if developed, can also be taken through Newport Beach from Pacific Coast Highway (via a yet to be built "Bluff Road"), 16th Street, 15th Street and Ticonderoga.

The Commission can approve the WSAH annexation to the City of Newport Beach contingent upon the City detaching an approximately 2,380 foot (less than .5 mile) portion of the one-foot strip which currently separates the northeasterly portion of Banning Ranch from the City of Costa Mesa (see Exhibit B on page 7 of this report). Detachment of a portion of the one-foot strip does not necessarily preclude the City of Newport Beach from annexing the entirety of Banning Ranch in the future. This action would, however, allow LAFCO, the landowner, the City of Newport Beach and the City of Costa Mesa to engage in meaningful discussions regarding long-term service delivery and governance for Banning Ranch.

Conditioning the annexation of WSAH to Newport Beach in this way provides the Commission with a unique opportunity to: (1) identify the full range of service options and providers available for Banning Ranch; and, (2) proactively work with both the City of Costa Mesa and the City of Newport Beach to comprehensively address all outstanding boundary issues between the two cities. To facilitate discussions between the two cities, staff is recommending that recordation of the West Santa Ana Heights annexation to the City of Newport Beach be contingent upon both detachment of a portion of the one-foot strip and the City of Newport Beach and the City of Costa Mesa agreeing to a series of professionally facilitated discussions, not to exceed 90 days in length, to determine the logical, long-term service provider(s) for Banning Ranch.

What is More Important for LAFCO?

One of the key issues that the Commission must address is: "What is more important for LAFCO?" If the Commission believes annexing islands and improving the level of municipal services for residents is more important, then consideration should be given to annexation of West Santa Ana Heights and eventually the Santa Ana Country Club and South Mesa area to the City of Newport Beach. While this would help to resolve the two cities' long-standing boundary issues, the boundaries would not respect the long-established sphere of influence boundaries that were developed jointly by both city councils. If, on the other hand, LAFCO believes that respecting the existing city spheres, which were jointly developed over 30 years by both cities and provide for a logical boundary between Newport Beach and Costa Mesa along Irvine/Tustin Avenues, then West Santa Ana Heights, the Santa Ana County Club and the South Mesa areas should be eventually annexed to the City of Costa Mesa. However, it is likely that registered voters and landowners in all three areas will strongly protest any attempt by Costa Mesa to annex.



ENVIRONMENTAL REVIEW

The City of Newport Beach completed and determined that the proposed sphere of influence amendment and annexation of West Santa Ana Heights would not have significant effect on the environment as determined by CEQA. Accordingly, a draft Negative Declaration (Attachment 1) was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the draft Negative Declaration have been received.

LETTERS OF COMMENT

Three letters of comment (Attachments 2 through 4) were received by staff and are summarized below:

<u>City of Costa Mesa</u>: The City's comment letter (Attachment 2) references the City Council's action of March 7, 2006 in which the City stated it would oppose the annexation of West Santa Ana Heights unless the boundary between Newport Beach and Costa Mesa is established as the "centerline" of Santa Ana Avenue and Mesa Drive adjacent to West Santa Ana Heights. The letter additionally states that the City of Costa Mesa continues to oppose any change in the existing sphere of influence for the Santa Ana Country Club and the South Mesa area.

John Wayne Airport: The JWA comment letter (Attachment 3) expresses concern regarding the proposed annexation boundary extending into a portion of the Newport Beach Golf Course which also serves as part of the JWA Runway Protection Zone. Staff has been in contact with both JWA and the City of Newport Beach regarding this issue. The City has agreed to modify the annexation boundary so that the entire golf course area remains within the unincorporated area. Terms and conditions have been included in the adopting resolution which requires the City of Newport Beach to prepare a modified map and legal description addressing this issue prior to recordation of the WSAH annexation.

<u>County of Orange</u>: The County of Orange comment letter (Attachment 4) identifies proposed conditions which address transfer of ownership and maintenance of certain local facilities from the County to the City upon annexation. Terms and conditions have been included in the draft adopting resolution which addresses these items.

ALTERNATIVE COMMISSION ACTIONS

There are number of alternative actions regarding the City of Newport Beach's annexation/sphere request for West Santa Ana Heights for the Commission to

consider. Key options are summarized below, followed by staff comments on each alternative.

Options:

- 1. Deny the City's reorganization and sphere amendment request for West Santa Ana Heights. This option respects the existing sphere of influence boundaries that have been in effect for Newport Beach and Costa Mesa since 1973. This option, if selected by the Commission, will likely result in West Santa Ana Heights remaining an unincorporated island for the foreseeable future.
- 2. Approve the City's reorganization and sphere amendment request for West Santa Ana Heights. This alternative respects the desire of West Santa Ana Heights residents to become part of the City of Newport Beach, significantly reduces the size of a large unincorporated island, and will likely enhance the level of services to WSAH residents.
- **3.** Approve the City's annexation and sphere amendment request for West Santa Ana Heights but make approval contingent (as permitted under Government Code Section 56885.5) on the City of Newport Beach detaching a portion of the Banning Ranch "strip" and entering into a series of professionally facilitated discussions with LAFCO and the City of Costa Mesa regarding long-term service provision to Banning Ranch. This option provides for the benefits of Option 2, above, but also has the potential to comprehensively address the remaining boundary and service issues between the Cities of Costa Mesa and Newport Beach.

RECOMMENDATIONS:

Staff recommends that the Commission:

- 1. Certify that the information contained in the City of Newport Beach's Negative Declaration (Attachment 1) prepared for this project has been reviewed and considered.
- 2. Adopt the Statement of Determinations as required by Government Code Section 56425 (Attachment 5)
- 3. Adopt the resolution (Attachment 6) approving the proposed West Santa Heights Reorganization (RO 06-25) for the City of Newport Beach. The

resolution approves: (1) a sphere of influence change for West Santa Ana Heights from the City of Costa Mesa to the City of Newport Beach; and (2) the annexation of West Santa Ana Heights to the City of Newport Beach.

The resolution includes terms and conditions which preclude recordation of the annexation until: (1) the City of Newport Beach files a complete application with LAFCO for detachment of approximately 2,380 feet of territory (as shown on Exhibit B of this report) no later than September 1, 2006, and (2) the City of Newport Beach and the City of Costa Mesa agree to participate in a series of professionally facilitated discussions, not to exceed 90 days in length, to determine the logical, long-term service provider(s) for Banning Ranch.

4. Set a 30-day period of protest.

Respectfully submitted,	
JOYCE CROSTHWAITE	BOB ALDRICH

Exhibits (contained within staff report)

- A. Location Map
- B. Banning Ranch Map

Attachments

- 1. Negative Declaration (City of Newport Beach)
- 2. Comment Letter City of Costa Mesa
- 3. Comment Letter John Wayne Airport
- 4. Comment Letter County of Orange
- 5. Statement of Determinations
- 6. Adopting Resolution

Attachment 1 -

Negative Declaration (City of Newport Beach)

City of Newport Beach 3300 Newport Boulevard - P.O. Box 1768 Newport Beach, CA 92658-8915 (949) 644-3200

NEGATIVE DECLARATION

To:

Office of Planning and Research 1400 Tenth Street, Room 121 Sacramento, CA 95814

County Clerk, County of Orange Public Services Division P.O. Box 238 Santa Ana, CA 92702

From: City of Newport Beach

Planning Department

3300 Newport Boulevard - P.O. Box 1768 Newport Beach, CA 92658-8915

(Orange County)

Date received for filing at OPR/County Clerk

Public Review Period: July 12 to August 11, 2003

Name of Project:

Project PA 2003-149: General Plan Amendment GP 2003-005 and Code

Amendment CA 2003-006 (Area 7 Annexation)

Project Location:

South of Bristol Street, west of Irvine Avenue and the Newport Beach Golf

Course, north of the Costa Mesa city boundary, and east of the 55 freeway.

Project Description:

General plan amendment, prezoning, sphere of influence amendment, and

annexation of West Santa Ana Heights, the Santa Ana Country Club and the area

south of Mesa Drive to the City of Newport Beach

Finding:

Pursuant to the provisions of City Council Policy K-3 pertaining to procedures and guidelines to implement the California Environmental

Quality Act, the City has evaluated the proposed project and determined that

it would not have a significant effect on the environment.

A copy of the Initial Study containing the analysis supporting this finding is attached and on file at the Planning Department. The Initial Study may include mitigation measures that would eliminate or reduce potential environmental impacts. This document will be considered by the decision-makers prior to final action on the proposed project.

Additional plans, studies and/or exhibits relating to the proposed project may be available for public review. If you would like to examine these materials, you are invited to contact the undersigned. If you wish to appeal the appropriateness or adequacy of this document, your comments should be submitted in writing prior to the close of the public review period. Your comments should specifically identify what environmental impacts you believe would result from the project, why they are significant, and what changes or mitigation measures you believe should be adopted to eliminate or reduce these impacts. There is no fee for this appeal. If a public hearing will be held, you are also invited to attend and testify as to the appropriateness of this document. If you have any questions or would like further information, please contact Larry Lawrence, project manager for the City, at 949-661-8175.

	Date:	July 1.	2003
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Patricia L. Temple, Planning Director

CITY OF NEWPORT BEACH INITIAL STUDY AND ENVIRONMENTAL CHECKLIST

NOTE: Passages which are double-underlined have been added or amended in response to comments received on this Initial Study/Negative Declaration

1. Project Title: Project PA 2003-149, including General Plan

Amendment GP 2003-005 and Code Amendment CA 2003-006: General Plan Amendment, Prezoning, Sphere of Influence Amendment and Annexation of West Santa Ana Heights, the Santa Ana Country Club, and the area south of Mesa Drive (for reference purposes, the entire annexation area is referred to herein as "Area 7" (see

map at end of document)

2. Lead Agency Name and Address: City of Newport Beach

Planning Department 3300 Newport Boulevard

Newport Beach, CA 92658-8915

3. Contact Person and Phone No.: Larry Lawrence, Project Manager for City,

Lawrence Associates

949-661-8175

4. Project Location: South of Bristol Street, west of Irvine Avenue and the

Newport Beach Golf Course, north of the Costa Mesa city boundary, and east of the 55 freeway. (see map at end of

document)

5. Project Sponsor's Name/Address: City of N

City of Newport Beach 3300 Newport Boulevard

Newport Beach, CA 92658-8915

6. General Plan Designations:

Various residential, commercial, and open space

designations under County of Orange General Plan.

7. Zoning:

Santa Ana Heights Specific Plan, and various residential,

commercial, and open space designations, under County

of Orange

8. Description of Project:

General plan amendment, prezoning, sphere of influence

amendment, and annexation of approximately 277 acres,

described as Area 7.

Prior to review of the annexation by the Local Agency Formation Commission, the City of Newport Beach intends to process a general plan amendment and a

zoning amendment.

9. Surrounding Land Uses And Setting (see map at end of document):

Project Area:	Randential colorence combracial and of the recognition of the colorest combracial and the colorest col
To the west:	The 55 Freeway and Residential in the City of Costa Mesa
To the north	Bristol Street, John Wayne Airport, Corona del Mar Freeway, and business park uses in the City of Costa Mesa
To the east:	The Newport Beach Golf Course and office uses in the City of Newport Beach
To the south:	Residential uses in the City of Costa Mesa

10. Other Public Agencies Whose Approval is Required (e.g., permits, financing approval, or participation agreement):

Orange County Local Agency Formation Commission (LAFCO) and County of Orange.

11. Existing Conditions:

Land Use And Development

With the exception of a few vacant infill lots, the annexation area is built out. Current land uses in the area include single family and multiple family residential, professional office, horticultural nursery, the Santa Ana Country Club, and accessory equestrian and kennel uses.

The General Plan and Zoning Code for the City of Newport Beach do not cover the proposed annexation area. Therefore, land use and circulation designations and specific plan provisions must be adopted by the City in conjunction with annexation. Thus, general plan and prezoning amendments are part of the present annexation package.

The subject property is currently located within the Costa Mesa Sphere of Influence. A competing annexation application for the West Santa Ana Heights area to the City of Costa Mesa is currently on file with LAFCO.

Public Services

Public safety and other services for the annexation area are currently provided by the County of Orange, the Orange County Sheriff's Department, and the Orange County Fire Authority.

Utilities and Service Systems

Sewage collection is provided by the Costa Mesa Sanitary District while sewage treatment is provided by the Orange County Sanitation Districts. Water facilities and service are provided by the Irvine Ranch Water District (IRWD). Solid waste is collected by Waste Management Inc.

12.	Environmental Factors Potentia	illy Affected:	
	 ☐ Aesthetics ☐ Agricultural Resources ☐ Air Quality ☐ Biological Resources ☐ Cultural Resources ☐ Utilities & Service Systems 	☐ Geology/Soils ☐ Hazards/Hazardous Materials ☐ Hydrology/Water Quality ☐ Land Use/Planning ☐ Mineral Resources ☐ Mandatory Findings of Signification	☐ Noise ☐ Population/Housing ☐ Public Services ☐ Recreation ☐ Transportation/Traffic
	the County of Orange to the City effect. Any impacts in the areas sewer, will be less than significant quality, or other environmental c	s were found in any of the above re given in all categories because to the following the services and utilities, sunt. Also, any impacts on air qualities at the result of existing the will not change as a result of the	he change in jurisdiction from any significant environmental ich as police, fire, water, and ty, biological resources, water development or of praviously
13.	Determination. (To be completed	d by the Lead Agency.) On the basis	of this initial evaluation:
	I find that although the proposes on the environment, and a NEG.	d project COULD NOT have a sign ATIVE DECLARATION will be p	nificant effect repared.
	environment, there will not be a sign	roject could have a significant effect gnificant effect in this case because t an attached sheet have been added to ATION will be prepared.	he
	I find that the proposed project MA		_
	environment, but at least one effect earlier document pursuant to applic addressed by mitigation measures it on attached sheets, if the effect is a significant unless mitigated." An E	AY have a significant effect(s) on the 1) has been adequately analyzed in table legal standards, and 2) has been based on the earlier analysis as described on	an 1 ibed potentially ORT
	1	, are enterts that remain to be addres	scu.

I find that although the proposed project could have a significant effect on the environment, there WILL NOT be a significant effect in this case because all potentially significant effects (a) have been analyzed adequately in an earlier EIR pursuant to applicable standards and (b) have been avoided or mitigated pursuant to that earlier EIR, including revisions or mitigation measures that are imposed upon the proposed project.

Signature July 1, 2003
Date

LARRY LAWRENCE
Printed Name

SECTIONS:

A. ENVIRONMENTAL CHECKLIST

B. EXPLANATION OF CHECKLIST RESPONSES

A. ENVIRONMENTAL CHECKLIST

The Environmental Checklist provides a preliminary analysis of the proposed project's potential for significant environmental impacts. Sources of information for all responses are specified immediately following the checklist.

The Initial Study indicates that the project may result in significant environmental impacts but that those impacts will be reduced to a less-than-significant level through the implementation of mitigation measures identified in the Study.

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*
		*\$	ee Source Refe	rences at the e	nd of this Cl	necklist.
l. 1	AESTHETICS. Would the project:					
a)	Have a substantial adverse effect on a scenic vista?	۵			Ø	1,3,4
b)	Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	0	ם	ם	团	1,3,4
c)	Substantially degrade the existing visual character or quality of the site and its surroundings?		П		Ø	1,3,4,5,8
d)	Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	a	σ,	D	⊠	1,3,4,5,6
1).	AGRICULTURE RESOURCES. Would the project:					
a)	Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?		D D		Ø	1,3,4
b)	Conflict with existing zoning for agricultural use, or a Williamson Act contract?				図	1,3,4,5,6

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	sources.
		* S	es Source Refe	rences at the e	nd of this Cl	necklist.
c)	Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	G	מ		Ø	1,3,4,5,6
BI.	AIR QUALITY. Would the project:					
a)	Conflict with or obstruct implementation of the applicable air quality plan?				Ø	1,3,4,9,10,11
b)	Violate any air quality standard or contribute to an existing or projected air quality violation?			□	Ø	1,3,4,9,10,11
c)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	ū			Ø	1,3,4,9,10,11
ď)	Expose sensitive receptors to substantial pollutant concentrations?				Ø	1,3,4,9,10,11
e)	Create objectionable odors affecting a substantial number of people?				Ø	1,3,4,9,10,11
IV.	BIOLOGICAL RESOURCES. Would the project:					
а)	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations or by the California Dept. of Fish and Game or U.S. Fish and Wildlife Service?	a	۵	ם	Ø	1,3,4,11
b)	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				Ø	1,3,4,11

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*
		• \$	ee Source Refe	rences at the e	nd of this Ch	ecklist.
c)	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<u> </u>	ם	[]	Ø	1,3,4,11
d)	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impeded the use of native wildlife nursery sites?		ם	ם	团	1,3,4,11
e)	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				函	1,3,4,11
n	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				Ø	1,3,4,11
V. (CULTURAL RESOURCES. Would the project:					
a)	Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	ū			团	1,3,4,11
b)	Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?		0		Ø	1,3,4,11
c)	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				図	1,3,4,11
d)	Disturb any human remains, including those interred outside of formal cemeteries?				Ø	1,3,4,11

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Leas than Significant Impact	No Impact	SOURCES*
Vì.	GEOLOGY AND SOILS. Would the project:	* S	ee Source Refe	rences at the e	nd of this Ch	ecklist.
a)	Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving: i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.				₽Ĭ	1,3,4,11
	ii) Strong seismic ground shaking? iii) Seismic-related ground failure, including liquefaction?				a	1,3,4,11 1,3,4,11
	iv) Landslides?				Ø	1,3,4,7,11
þ)	Result in substantial soil erosion or the loss of topsoil?		0		Ø	1,3,4,7,11
c)	Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	a	o.	0	Ø	1,3,4,7,11
d)	Be located on expansive soil, as defined in Table 18- 1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	ם	0		Ø	1,3,4,11
e)	Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				₫	n/a
VII.	HAZARDS & HAZARDOUS MATERIALS. Would the project:					i
a)	Create a significant hazard to the public or the environment through routine transport, use, or disposal of hazardous materials?				团	2,3,4,5,6,11

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation	Less than Significant Impact	No Impact	SOURCES*
		• •	Incorporated se Source Refe	range of the co		h a all it a
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	۵				2,3,4,5,8,11
c)	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				Ø	2,3,4,5,6,11
d)	Be located on a site which is included on a list of hazardous materials sites which complied pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				Ø	2,3,4,5,6,11
e)	For a project within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	D			Ø	2,3,4,5,8,11, <u>12,</u> <u>13</u>
ŋ	For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	O		П	团	n/a
g)	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?			.	Ø	2,3,4,5,6,11
h)	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	D		D D	Ø	2.3,4.5,6,11
	HYDROLOGY AND WATER QUALITY. Would the project:					j
a)	Violate any water quality standards or waste discharge requirements?				Ø	3,4,11

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No impact	SOURCES*
1	_	* \$	ee Source Refe	rences at the e	nd of this Ch	ecklist.
(b)	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				Ø	3,4,11
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?				团	3,4,11
d)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of a course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on or off-site?	0			团	3,4,11
e)	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	ם		o o	Ø	3,4,11
f)	Otherwise substantially degrade water quality?	ם			Ø	3,4,11
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				Ø	3,4,11
1)	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	a			Ø	3,4,11
)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?		□		Ø	3,4,11
	Inundation by seiche, tsunami, or mudflow?			Ω	Ø	3,4,11

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*
ix.	LAND USE AND PLANNING. Would the project:	*9	ee Source Refer	ences at the e	nd of this Cl	hecklist.
a)	Physically divide an established community?				团	1,2,3,4,5,6,11
b)	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?			Ø		1,2,3,4,5,6,11, <u>12,13</u>
(c)	Conflict with any applicable habitat conservation plan or natural community conservation plan?				Ø	1,2,3,4,5,6,11
X.	MINERAL RESOURCES. Would the project:					
a)	Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	D			Ø	1,3,4,11
b)	Result in the loss of availability of a locally- important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?				Ø	1,3,4,11
XI.	NOISE. Would the project result in:					:
a)	Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?				Ø	1,2,3,4,8,11, <u>12,13</u>
b)	Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	0			Ø	1,2,3,4,8,11
c)	A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				团	1,2,3,4,8,11, 12,13
d)	A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<u></u>			Ø	1,2,3,4,8,11, 12,13

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*
	····· —— ——	* S	ee Source Refe	rences at the e	nd of this Ch	necklist.
e)	For a project located within an airport land use land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?			ם	Ø	1,2,3,4,8,11, 12.13
t)	For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?		0	<u> </u>	Ø	n/a
XII.	POPULATION AND HOUSING. Would the project:					
a)	Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?			П	Ø	2,3,4,11
b)	Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				Ø	2,3,4,11
c)	Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	D			Ø	2,3,4,11
	PUBLIC SERVICES Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered government facilities, need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:					
	Fire protection?			Ø		2,3,4,11
	Police protection?			Ø		2,3,4,11
i	Parks?				Ø	2,3,4,11

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*		
		* See Source References at the end of this Checklist.						
}	Schools?				\square	2,3,4,11		
	Other public facilities?			团		2,3,4,11		
XIV.	RECREATION							
a)	Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				Ø	2,3,4,6		
b)	Does the project include recreational facilities or require the construction of or expansion of recreational facilities which might have an adverse physical effect on the environment?			П	Ø	1,2,3,4,6		
xv.	TRANSPORTATION/TRAFFIC Would the project:							
a)	Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?				Ø	2,3,4,6		
b)	Exceed either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	. 🗀			Ø	2,3,4,6		
c)	Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				Ø	2,3,4,6,11		
	Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			0	Ø	2,3,4,6		
e)	Result in inadequate emergency access?				Ø	2,3,4,6		
f)	Result in inadequate parking capacity?				Ø	2,3,4,5,6		

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*	
		* See Source References at the end of this Checklist.					
g)	Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bike racks)?				Ø	2,3,4,6	
χVI	. UTILITIES AND SERVICE SYSTEMS Would the project:						
a)	Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				Ø	2,3,4,6	
b)	Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?		٥		Ø	2,3,4,6	
c)	Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?		0			2,3,4,6	
d)	Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			□	Ø	2,3,4,6	
	Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?		П		Ø	2,3,4,6	
	Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?			a	Ø	2,3,4,6	
g) ;	Comply with federal, state, and local statutes and regulation related to solid waste?				Ø	2,3,4,6	

	IMPACT CATEGORY	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less than Significant Impact	No Impact	SOURCES*
	MANDATORY FINDINGS OF SIGNIFICANCE.	*8	ee Source Refer	ences at the er	nd of this Ch	ecklist.
d s w p le c n	Does the project have the potential to fegrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining evels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or enimal or eliminate important examples of a najor period of California history or prehistory?		-		Ø	1-13
in si m p co	Does the project have impacts that are individually limited, but cumulatively confiderable? ("Cumulatively considerable" neans that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, are effects of other current projects, and the ffects of probable future projects.)				Ø	1-13
W	oes the project have environmental effects which will cause substantial adverse effects in human beings, either directly or indirectly?				Ø	1-13

XVIII. EARLIER ANALYSES.

Earlier analyses may be used where, pursuant to the tiering, program EiR, or other CEQA process, one or more effects have been adequately analyzed in an earlier EIR or negative declaration (CEQA Guidelines Section 15063). For the present annexation project, no significant impacts have been identified. All earlier analyses are listed under Source References, below.

XIX. SOURCE REFERENCES.

Documents listed below are available at the offices of the City of Newport Beach, Planning Department, 3300 Newport Boulevard, Newport Beach, California 92660 (Note: Reference No. 1 denotes a physical inspection and therefore is not in the form of a written document).

1. Site visits to annexation area by Larry Lawrence, project manager for City of Newport.

- 2. Report to Newport Beach City Council re Annexation of Area 7, by Dave Kiff, Assistant City Manager, March 11, 2003.
- 3. Final Program EIR City of Newport Beach General Plan.
- 4. General Plan, including all Elements, City of Newport Beach.
- 5. Zoning Code, Title 20 of the Newport Beach Municipal Code.
- 6. Santa Ana Heights Specific Plan, County of Orange.
- 7. City Excavation and Grading Code, Newport Beach Municipal Code.
- 8. Community Noise Ordinance, Chapter 10.28 of the Newport Beach Municipal Code.
- 9. Air Quality Management Plan, South Coast Air Quality Management District, 1997.
- 10. Air Quality Management Plan EIR, South Coast Air Quality Management District, 1997.
- 11. FEIR No. 508, John Wayne Airport Master Plan and Santa Ana Heights Land Use Compatibility Program, County of Orange, February 1985.
- 12. Airport Environs Land Use Plan (AELUP), Airport Land Use Commission, December 19, 2002.
- 13. <u>California Airport Land Use Planning Handbook.</u> Caltrans Division of Aeronautics. January 2002.

B. EXPLANATION OF CHECKLIST RESPONSES:

In all cases, the selection of the Checklist response was the product of the data sources listed above, followed by careful consideration of potential impacts from the project under the definitions and procedures of the California Environmental Quality Act (CEQA) Statute and Guidelines.

No potentially significant impacts were found. "No impact" and "No Significant Impact" responses were given in all categories because the change in jurisdiction from the County of Orange to the City of Newport Beach will not result in any environmental effect. Any impacts on air quality, biological resources, water quality, or other categories are the result of existing development or of previously-approved development plans, which will not change as a result of the change in jurisdiction. (Such impacts have been analyzed in previous environmental impact reports available for inspection at the City of Newport Beach and the County of Orange.)

Notwithstanding the lack of significant impact found, the following sections contain further explanations of responses in the salient areas of Land Use and Planning, Public Services, and Utilities and Service Systems.

HAZARDS AND HAZARDOUS MATERIALS:

Safety on the Ground:

The Airport Environs Land Use Plan (AELUP) states that, "The Commission has not adopted Accident Potential Zones for this airport IJWAI because none could be justified with the available data." However, it should be noted that the a Runway Protection Zone has been established for the takeoff pattern beyond the end of the JWA runway. This area is occupied by the Newport Beach Golf Course. Aside from this open space use, no building development intrudes into the RPZ.

Safety Aloft:

This consideration refers primarily to building height in the present context. The affected portion of the annexation area was built out under the County's Santa Ana Heights Specific Plan, which recognized the AELUP and FAA height restrictions. The tallest maximum height in the affected area is 42 feet, allowed for the existing Newport Trade Center on Irvine Avenue.

LAND USE AND PLANNING:

General Plan and Prezoning:

The County's Santa Ana Heights Specific Plan originally covers both east and west Santa Ana Heights. The City of Newport Beach's Santa Ana Heights Specific Plan (Chapter 20.44 of the Zoning Code) presently covers only east Santa Ana Heights, the area recently annexed to the City. Other differences between the two jurisdiction's Santa Ana Heights specific plans include the following:

- The County plan format has four chapters: "Introduction", "The Plan", "Community Design Program", and "Land Use District Regulations", while the City version uses the Zoning Code's "Specific Plan District" format, inserting similar provisions into one chapter of the Zoning Code, with exhibits at the end of the chapter.
- The County plan includes the West Santa Ana Heights portion of the annexation area, i.e. the area between the Newport Beach Golf Course and the Santa Ana Country Club, while the City plan does not.

To correct inconsistencies such as those listed above, general plan and prezoning actions by the City of Newport Beach have been made part of the present annexation project (see page 1 of this Initial Study). The intent of these applications is to retain the current land use and zoning regulations presently in effect under the County. Thus, in terms of land use and planning, the net result of the annexation will be a less-than-significant environmental impact.

Redevelopment Areas:

Area 7 is in two County redevelopment areas. The West SAH region is part of the Santa Ana Heights "Redevelopment Project Area" (RDA). The Santa Ana Country Club and South of Mesa Drive areas are within the Back Bay RDA. Thus, a portion of the areas' property taxes (called the "tax increment") are presently diverted to the Orange County Development Agency for infrastructure projects that address "blight" in the area. By State law, 20% of the tax increment must be used to increase the area's supply of low-and, moderate-income housing. Upon annexation, it is likely that administration of these redevelopment areas will pass to the City. The City would then begin the necessary steps to

utilize the redevelopment tax increment to improve infrastructure (e.g. street, sidewalks, utilities) in the area.

NOISE:

Over half of the west Santa Ana Heights portion of the annexation area lies within the 65 CNEL contour established by County EIR 508, which was the environmental impact report prepared jointly for the John Wayne Airport Master Plan (AMP) and the Santa Ana Heights Land Use Compatibility Program (LUCP) and recognized in the AELUP. The impacted area is virtually built out and consists of single family and multifamily residential development and a business park (the Newport Trade Centre on Irvine Avenue). The 65 CNEL contour was approved by the Board of Supervisors as the implementation line for two noise compatibility programs: "Purchase Assurance" and "Acoustical Insulation". These programs, aimed at mitigating noise impacts, have been implemented for the affected properties.

PUBLIC SERVICES:

- Fire and Police Fire protection services will transfer from the Orange County Fire Authority to the Newport Beach Fire and Marine Department and police services will transfer from the Orange County Sheriff to the Newport Beach Police Department. The City's Plans of Service for the annexation area provides for the maintenance or improvement of existing levels of service for both fire and police protection.
- Other Services Other public services and facilities, such as administrative, recreation, code
 enforcement, planning, public works and others will remain unchanged or possibly improve
 because of the closer proximity of City offices and facilities than is now the case under County
 jurisdiction.

From the above information, the net effect on public services from the annexation will be a less-than-significant impact.

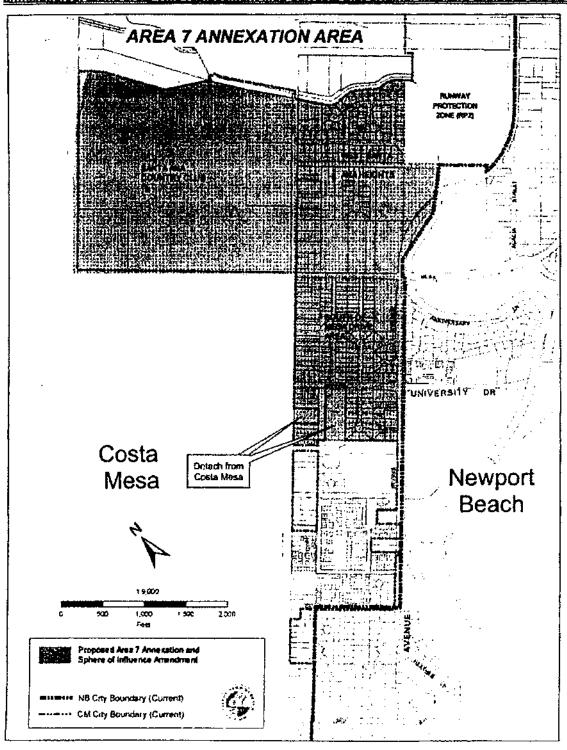
<u>UTILITIES AND SERVICE SYSTEMS:</u>

Utility systems are already in place for this built-out area. Water facilities and service are provided by the Irvine Ranch Water District (IRWD). Sewage collection is provided by the Costa Mesa Sanitary District. Sewage treatment is provided by the Orange County Sanitation Districts. Solid waste is collected by a private firm, Waste Management Inc.

It is intended that these facilities and services remain with the current providers after annexation. Thus, there will be no impact on water, sewer, wastewater treatment, solid waste disposal, or other utility systems as a result of the annexation, and service will continue uninterrupted. The net effect on utilities and service systems from the annexation will be a less-than-significant impact.

MAP OF ANNEXATION AREA

NOTE: The original map incorrectly showed inclusion of the Airport Runway Protection Zone in the annexation/prezone area. This replacement map corrects that original map and excludes the RPZ.



ATTACHMENTS TO ND-1: COMMENTS FROM OTHER AGENCIES

LAFCO

Orange County

Local Agency Formation Commission

RECEIVED BY
PLANNING DEPARTMENT
CITY OF MEMORE TEACH

AM PM PM 12 2003 PM 7,8,9,10,11,12,1,12,13,4,5,6

August \$, 2003

CHAIR
ARLENE SCHAFFR
DIFECTOR
COST A MESA
SUNDARY DISTRICT

NRCE CHAIR CHARLES V. VMITH SUPERVISOR FIRST DISTRICT

RANDAL I RESSETTE COUNCIENCE CITY OF LAW NA IRCLS

PETER HERZON, COCNCIDENCE CITY OF LANCESONEST

SERRESPITATIVE OF HENERAL PUBLIC

THOMAS W. WIESON SEPERATION PURTH DISTRICT

JOHN B. WITHERS DIRECTOR IRVENE BLANCH WINCH TESTROIT

ALTERNATE ROBERT SOLER MANUS CITY OF LAGGAL SCHOOLS

ALTERNATE RITONDA MECENE REPRESENTATION OF ORNER NOT BLIC

ALTERNATE
JAMES WI SILVA
SUPERATSOR
MCONDISTRACT

ALTERNATE CHARLEY WILSON DIRECTOR SANTA MARGARITA WATER DISTRICT

DANA M. SMITH ENECCTIVE (FERCER Patricia L. Temple, Planning Director City of Newport Beach 3300 Newport Boulevard - P.O. Box 1768 Newport Beach, CA 92658-8915

RE: Comments on Initial Study/Negative Declaration - General Plan Amendment, Pre-zoning, Sphere of Influence Amendment and Annexation of West Santa Ana Heights, Santa Ana Country Club, and the area south of Mesa Drive to the City of Newport Beach

Dear Ms. Temple,

Thank you for the opportunity to comment on the above-referenced environmental document. As a responsible agency for the future annexation of this area, LAFCO has reviewed the Initial Study/Negative Declaration and has the following comments.

- For clarification and background for the reader, the "Existing Conditions Land Use and Development" section on Page 2 of the Initial Study should reference that the subject property is currently located within the Costa Mesa Sphere of Influence, and that a competing annexation application for the West Santa Ana Heights area to the City of Costa Mesa is currently on file with LAFCO.
- Portions of the subject territory are located within the Santa Ana Heights Redevelopment Project Area. The Negative Declaration should reference this and discuss how potential annexation would impact administration of the redevelopment project area.
- The proposed annexation and sphere of influence boundary included within the Negative Declaration appears to include property located within the northern portion of the Newport Beach Golf Course. This territory is owned by the County of Orange/John Wayne Airport and is overlain by the airport's Runway Protection Zone (RPZ). According to the Federal Aviation Administration, an RPZ is territory located beyond the end of an airport runway that is designed to protect people and property on the ground in the event of aircraft crashes.

This area is currently located within the Costa Mesa Sphere of Influence.

August 8, 2003
RE: Comments - Negative Declaration
Page 2

When evaluating amendments to Spheres of Influence, there are four factors that LAFCO is statutorily required to consider (Government Code Section 56426.5):

- Present and planned land uses in the area, including agricultural and open space lands.
- Present and probable need for public facilities and services in the area.
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Including this area within the City's proposed annexation appears to conflict with the County's Guidelines for Annexations and Incorporations, adopted by the Board of Supervisors on October 7, 1997, which outlines the County's intention to oppose annexation requests which impact regional facilities necessary for core business functions.

If you have any questions or concerns, please contact me either by email at baldrich@orange.lafco.ca.gov or by phone at (714) 834-2556.

March

Sincerely.

Bob Aldrich

Assistant Executive Officer



AIRPORT LAND USE COMMISSION

FOR

ORANGE

COUNTY

3160 Airway Avenue • Costa Mesa, California 92626 • 949.252.5170 fax: 949.252.6012

August 11, 2003

Ms. Patricia L. Temple, Planning Director Planning Department City of Newport Beach 3300 Newport Boulevard Newport Beach, CA 92658-8915

Subject:

Negative Declaration: Project PA 2003-149, General Plan Amendment GP 2003-005

and Code Amendment CA 2003-006 for the Annexation of West Santa Ana Heights

Dear Ms. Temple:

As Executive Officer of the Airport Land Use Commission (ALUC) for Orange County, I wish to offer the following comments in response to your City's Notice of Intent to Adopt a Negative Declaration in support of the subject General Plan Amendment/annexation project.

The Negative Declaration should address the relationship of the project area to the ALUC's adopted planning areas for aircraft noise impacts, safety on the ground, and safety aloft (height restrictions vis a vis the navigable airspace) as applicable. These planning areas are described and depicted in the Airport Environs Land Use Plan (AELUP) for John Wayne Airport dated December 19, 2002, a copy of which was provided to your department in February of this year. Similarly, corresponding airport-compatible planning policies, guidelines, and criteria are presented in the Caltrans/Division of Aeronautics California Airport Land Use Planning Handbook. The Handbook is required by California statute (Public Resources Code, Section 21096), to be used by lead agencies as a technical resource for CEQA clearance documents, when applicable. Also, the AELUP and the Handbook should be listed in the Negative Declaration under "Source References."

Perhaps more importantly, please note per Section 21676(b) of the California Public Utilities Code, the City must submit its proposed General Plan Amendment and Zoning Code Amendment (prezoning) to the ALUC for a Determination of Consistency or Inconsistency with the AELUP, prior to project approval by the Newport Beach City Council.

Sincerely,

Joan S. Golding Executive Officer

cc: Larry Lawrence, Project Manager



Alan L. Murphy Airport Director August 11, 2003

Ms. Patricia L. Temple
Planning Director
City of Newport Beach
3300 Newport Boulevard
Newport Beach, CA 92658-8915

Subject:

General plan amendment, prezoning, sphere of influence amendment, and annexation of West Santa Ana Heights, the Santa Ana Country Club and the area south of Mesa Drive to the City of Newport Beach

Dear Ms. Temple:

Thank you for the opportunity to comment on the proposed Negative Declaration for the Project PA 2003-149: General Plan Amendment GP 2003-005 and Code Amendment CA 2003-006 (Area 7 Annexation).

As you may be aware, we have been discussing Newport Beach's proposed annexation of the West Santa Ana Heights area with City staff. We are pleased that the City has agreed that the Newport Beach Golf Course portion of the annexation boundary shown on your Initial Study "Map of Annexation Area" will not be included as part of the proposed project for purposes of the City's General Plan Amendment and Annexation/Sphere of Influence (SOI) application. The northerly portion of the Newport Beach Golf Course is owned by the County of Orange John Wayne Airport. This portion of the golf course is an integral part of the Airport since the Runway Protection Zone (RPZ) overlies the golf course.

We are aware of the "competing" annexation/SOI application by the City of Costa Mesa. We previously requested that the Costa Mesa Sphere of Influence which currently covers a portion (approximately 22 acres) of the Newport Beach Golf Course be deleted from Costa Mesa's LAFCO annexation application. It is our understanding that the City of Costa Mesa has agreed to request that the Local Agency Formation Commission (LAFCO) amend their application to remove the SOI shown overlying the Newport Beach Golf Course. This would result in the JWA-owned portion of the golf course remaining unincorporated and not in an SOI.

The northerly portion of the Newport Beach Golf Course (NBGC) is a unique situation in the proposed annexation areas. As previously indicated, this area is an Airport RPZ. FAA Regulations (AC 150/5300-13) indicate that the function of the RPZ is to enhance the protection of people and property on the ground. The

3160 Airway Avernie Costa Mesa, CA 92626-4608 949.292.5171 949.252.5178 (ax



www.ocair.com

Ms. Patricía Temple Page 2 August 11, 2003

Regulations note that this "is achieved through airport owner control over RPZs." The special circumstances which apply to the Airport-owned property and what distinguishes it from privately-owned property in the area, include the policies adopted by the County of Orange and the cities of Orange County with respect to guidelines for annexations and incorporations. It has been agreed that while areas within recognized SOIs reflect the long-term service delivery boundaries for a city, those areas that include regional facilities and are part of the County's core business functions would remain unincorporated.

Again, thank you for discussing this important issue with the Airport and agreeing that the JWAowned portion of the NBGC will not be part of the City's General Plan Amendment and Annexation/Sphere of Influence processes. The enclosed map depicts (in gold hatching) the area of concern described above.

Sincerely,

Alan L. Murphy Airport Director

Enclosure:

Map of JWA and Proposed Costa Mesa and Newport Beach Annexation Area

cc: Allan Roeder, City Manager, Costa Mesa

Larry Lawrence, Project Manager, Newport Beach

ALAMAT PROTECTION COME SPHERE OF INCLUENCE | SPACAL COSTA MESA FEEL SPACAL COURSE COURSE (COURSE CAME ATTACK ATT THOUSE STAN PACE PROPOSED AMERICAN HCMPORT BEACH CITY BOUNDANES

MAP OF JOHN WAYNE AIRPORT AND PROPOSED COSTA MESA AND NEWPORT BEACH ANNEXATION AREAS



TOUR COURT

ATTACHMENT 2 Indemnification Agreement

ATTACHMENT 2

Indemnification Agreement

As part of this application, applicant and real party in interest, if different, agree to defend, indemnify, hold harmless, and release the Orange County Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorney fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive or active negligence on the part of the Orange County Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at Newport Beach, California on the 4th day of April, 2006.

APPLICANT

By: Homer Bludau

Title: City Manager

Mailing Address: City of Newport Beach

3300 Newport Boulevard

Newport Beach, CA 92663

(If different from Applicant)
Ву:
Title:
Mailing Address:

DEAL DARTY IN TAITCHCOT

Attachment 2 -

Comment Letter, City of Costa Mesa



CITY OF COSTA MESA

P.O. BOX 1200, CALIFORNIA 92628-1200

FROM THE OFFICE OF THE CITY MANAGER

DECEIVED DI JUN 0 1 2006

May 30, 2006

LOCAL AGENCY FORMATION COMMUNICATION

Mr. Bob Aldrich, Assistant Executive Officer Orange County Local Agency Formation Commission 12 Civic Center Plaza, Room 235 Santa Ana, California 92701

SUBJECT: PROPOSED WEST SANTA ANA HEIGHTS REORGANIZATION TO THE CITY OF NEWPORT BEACH (RO-06-25)

Dear Mr. Aldrich,

The City of Costa Mesa has received your notice regarding the City of Newport Beach's application for a sphere of influence amendment and annexation of the unincorporated area known as West Santa Ana Heights, which is currently within Costa Mesa's sphere of influence.

As you know, on March 7, 2006, the Costa Mesa City Council considered the reactivation of the City's annexation application (CA-01-20) for West Santa Ana Heights (WSAH). Council ultimately determined not to reactivate the WSAH application. However, the City Council did state that Costa Mesa would oppose the annexation of West Santa Ana Heights to Newport Beach, if the boundary between Newport Beach and Costa Mesa cannot be established as the centerline of Santa Ana Avenue and Mesa Drive adjacent to West Santa Ana Heights.

Additionally, Costa Mesa continues to be strongly opposed to any change in Costa Mesa's Sphere of Influence (SOI) in respect to both the Santa Ana Country Club and the Area South of Mesa Drive. While not an officially adopted City position, I believe that any effort to change the SOI for these areas would trigger an invalidation of the City Council's recent accommodation for WSAH.

Thank you for the opportunity to comment on this application and we look forward to working with LAFCO, the City of Newport Beach, and the County of Orange in the equitable resolution of the issues surrounding the remaining unincorporated areas in Costa Mesa's and Newport Beach's respective spheres of influence.

Sincerely,

ALLAN L. ROEDER City Manager

c: Costa Mesa City Council

Homer Bludeau, Newport Beach City Manager Dave Kiff, Newport Beach Assistant City Manager

Attachment 3 -

Comment Letter, John Wayne Airport



Alan L. Murphy Airport Director May 31, 2006



Bob Aldrich, Assistant Executive Officer LAFCO 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

LOCAL AGENCY FORMATION COMMISSION

Subject: Proposed West Santa Ana Heights Reorganization to the City of Newport Beach

Dear Mr. Aldrich,

Thank you for the opportunity to comment on the proposed West Santa Ana Heights annexation to City of Newport Beach. John Wayne Airport (JWA) offers the following comments on the proposed project:

The annexation description and vicinity map exhibit provided in the LAFCO materials dated May 11, 2006 show a portion of the Newport Beach Golf Course within the proposed City of Newport Beach annexation area. This portion of the golf course is, and will continue to be, part of the JWA Runway Protection Zone (RPZ) for Runway 19R/1L (see attached Airport Layout Plan) and should remain within the jurisdictional boundaries of the County of Orange. An RPZ is defined as a trapezoidal area off each end of a runway used to enhance the protection of people and property on the ground. Compatible land uses within an RPZ are generally restricted to agricultural and golf course uses or other uses that do not involve congregations of large groups of people or construction of buildings. JWA recommends that the City of Newport Beach and LAFCO redefine the sphere of influence and annexation boundary so that the golf course area remains within the unincorporated area of the County of Orange. This will allow the County to maintain control over land uses within the RPZ and continue to protect aeronautical operations at John Wayne Airport.

Thank you for the opportunity to comment on the proposed project. Should you require additional information please contact Kari Rigoni at 949.252.5284 or via email at krigoni@ocair.com.

Sincerely,

Alan L. Murphy

Director

Attachment

cc: Dave Kiff, City of Newport Beach

Larry Serafini Kari Rigoni

92626-4608 949.252.5171 949.252.5178 fax

3160 Airway Avenue

Costa Mesa, CA

www.ocair.com



Attachment 4 -

Comment Letter, County of Orange

ATTACHMENT 4



COUNTY OF ORANGE

RESOURCES & DEVELOPMENT MANAGEMENT DEPARTMENT

Bryan Speegle, Director 300 N. Flower Street Santa Ana, CA

P.O. Box 4048 Santa Ana, CA 92702-4048

Telephone: (714) 834-2300 Fax: (714) 834-5188

DATE:

June 6, 2006

TO:

Martin Angel, RDMD/Pianning

FROM:

Alicia Campbell, Special Services, RDMD

SUBJECT:

Request for Comment: "West Santa Ana Heights Reorganization to the City of

Newport Beach " (RO 06-25)

Per your request we are responding to the request for comments concerning the "West Santa Ana Heights Reorganization to the City of Newport Beach".

Flood Control

The Orange County Flood Control District (OCFCD) has a regional facility, the Santa Ana-Delhi Channel (F01), located along the northeast and southeast boundary of the proposed annexation area. OCFCD will continue to operate and maintain this facility.

Please include the following condition:

Upon the effective date of annexation, the City shall do the following:

- Assume ownership and maintenance responsibilities for all drainage devices, storm drains and culverts, appurtenant facilities (except regional OCFCD flood control facilities for which OCFCD has a recorded flood control easement or owns fee interest), site drainage, and all master plan storm drain facilities that are within the annexation area and are currently operated and maintained by the County of Orange.
- Accept the County Master Plan of Drainage in effect for this area. County of Orange Resources and Development Management Department, Planning & Development Services/Subdivision & Infrastructures should be contacted to provide any MPD which may be in effect for the annexation area.

Deviations from the MPD shall be submitted to the Manager of Flood Control Division, County of Orange Resources and Development Management Department for review to ensure that such deviations will not result in diversion between watersheds and/or will not result in adverse impacts to OCFCD's flood control faculties.

3. Administer flood zoning and Federal Emergency Management Agency (FEMA) floodplain regulations within the proposed annexation area.

- 4. Coordinate development within the annexation area that is adjacent to any existing flood control facilities for which OCFCD has a recorded flood control easement or owns fee interest, by submitting plans and specifications to the Manager of Flood Control Division, County of Orange Resources and Development Management Department, for review and comment If such facilities are in need of improvement to provide the required flood control and/or erosion protection for the development, require the developer to enter into an agreement with OCFCD for the design, review, construction, acceptance and maintenance of such necessary flood control improvements.
- 5. For development proposals that are adjacent to regional drainage courses which are not owned or maintained by OCFCD but are in need of improvement to provide the required flood control and/or erosion protection for the development, require the developer to enter into an agreement with OCFCD for the design, review, construction, acceptance, and maintenance of proposed regional flood control facilities.

Questions concerning this section go to Robert Young at (714) 834-5060.

Road Division

- 1. Upon the effective date of annexation, all right, title and interest of the County, including the underlying fee title where owned by the County in any and all sidewalks, trails, landscaped areas, open space, street lights, signals, storm drains, water quality treatment basins and/or structures, and water quality treatment basins or systems serving roadway and bridges shall vest in the City, except for those properties to be retained by the County and specifically listed by these conditions.
- 2. Upon the effective date of annexation, the City shall be the owner of, all of the following property owned by the County: public roads, adjacent slopes, street lights, traffic signals, mitigation sites that have or have not been accepted by regulatory agencies but exist or are located in public right-of-way and were constructed or installed as part of a road construction project within the annexed area, and storm drains within street right-of-way and any appurtenant slopes, medians and adjacent property. City shall be responsible for the on going mitigation, but not the ownership of, mitigation sites that were installed on other County property, such as flood control and/or Harbors, Beaches and Parks property that were installed as a condition of road construction projects in associated with the road projects in the annexed area and the mitigation site that is annexed to the City.
- 3. Prior to the issuance of the certificate of completion by the Executive Officer, the City shall agree to continue to participate in the San Joaquin Hills Transportation Corridor Fee Program, including collecting fees as required by the fee program and depositing said fees together with earned interest on a quarterly basis with the Transportation Corridor Agency (San Joaquin Hills).

Questions Concerning this section can be directed to Charles Antos at (714) 834-3614.

Operations and Maintenance

No Comments.

Construction Management

No comment.

Engineering and Permit Services

Right of Way Engineering

Other than roads, the only County rights of way within the proposed "West Santa Ana Heights Organization to the City of Newport Beach" are a number of aviation easements.

The contact for Right of Way Engineering is Scott Heinrichs at 714-834-2010.

County Property Permits

There are two open permits (2006-00323 and 2006-00349) issued to the Southern California Gas Company to install gas utility anodes and concrete casing on Riverside Drive at Indus Street and Riverside Drive at Orchard Drive. Since both permits were initiated prior to the proposed reorganization they should be completed and signed off through the County of Orange permit process.

Contact person is Valerie Oxford at (714) 834-3474.

Materials Laboratory

No comments.

Harbors, Beaches and Parks

No comments.

Contact is Wayne Johnson, (714) 834-6787.

Cc:

Herb Nakasone Nacho Ochoa Nadeem Majaj Jim Miller Ed Kwan

Bill Hisey

Kevin Thomas Larry McKenney

Attachment 5 – Statement of Determinations

Statement of Determinations West Santa Ana Heights Sphere of Influence

Present and Planned Land Uses for the Area

West Santa Ana Heights includes a variety of land uses including single family and attached residential uses, convalescent care facilities, horticultural nurseries and an area zoned for animal kennels. The area is within the Santa Ana Heights (SAH) Redevelopment Project area. The SAH Redevelopment Project area also includes East Santa Ana Heights which is located within the City of Newport Beach.

Present and Probable Need for Public Facilities and Services

West Santa Ana Heights, approximately 83 acres in size, is largely built out. Limited growth is expected to occur over the next 20 years. Although some areas within WSAH require road and flood protection improvements, because of limited growth opportunities, the extension of City infrastructure and services is expected to be minimal.

Present Capacity of Public Facilities and Adequacy of Public Services

The City of Newport Beach is a full service city and has adequate funding and capacity to extend municipal services to West Santa Ana Heights.

Social and Economic Communities of Interest

West Santa Ana Heights has social, geographic, and governmental ties to East Santa Ana Heights. East Santa Ana Heights was annexed to the City of Newport Beach in 2003. The two communities share borders, a redevelopment project area, and impacts from John Wayne Airport. Both communities also participate in a Project Area Committee (PAC) which advises the County of Orange on redevelopment issues affecting both West and East Santa Ana Heights.

Attachment 6 – LAFCO Resolution (DRAFT)

RO 06-25

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA MAKING DETERMINATIONS AND APPROVING A SPHERE OF INFLUENCE AMENDMENT AND CONCURRENT ANNEXATION OF WEST SANTA ANA HEIGHTS TO THE CITY OF NEWPORT BEACH

July 12, 2006

On motion of Commissioner	, duly seconded and carried, the following
resolution was adopted:	
WHEREAS, the proposed reorganization to the	ne City of Newport Beach, designated as "West
Santa Ana Heights Reorganization to the City of Newp	oort Beach (RO 06-25)" was heretofore filed and
accepted for filing on	by the Executive Officer of this Local Agency
Formation Commission pursuant to Title 5, Division 3	3, commencing with Section 56000 et seq of the
Government Code; and	

WHEREAS, in addition to the proposed annexation of West Santa Ana Heights, the reorganization also includes a sphere of influence change for the subject territory from the City of Newport Beach to the City of Costa Mesa; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658, set July 12, 2006 as the hearing date of this proposal; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report including her recommendation thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission on July 12, 2006 considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56668; and

WHEREAS, this Commission called for and held a public hearing on the proposal on July 12, 2006, and at the hearing, this Commission heard and received all oral and written protests, objections and

evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission has fulfilled its obligations as a responsible agency as defined by the California Environmental Quality Act and has reviewed and considered the Negative Declaration adopted by the City of Newport Beach, and has made findings pursuant to Sections 15096(g)(2) and 15096(h) of the State CEQA Guidelines; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange based on the findings, discussion and conclusions set forth in the Executive Officer's report, which is incorporated herein by this reference, DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

Section 1. Environmental Action:

a) LAFCO, as a responsible agency, has reviewed and considered the Negative Declaration prepared by the City of Newport Beach which determined that the sphere of influence amendment and annexation of West Santa Ana Heights would not have a significant effect on the environment as determined by CEQA.

Section 2: Determinations:

- a) The Commission hereby approves the West Santa Ana Heights Reorganization (CA 06-25), including a sphere of influence amendment for West Santa Ana Heights from the City of Costa Mesa to the City of Newport Beach and a concurrent annexation of West Santa Ana Heights to the City of Newport Beach as shown on "Exhibit A."
- b) The Commission has adopted the accompanying Statement of Determinations, shown as "Exhibit B."
- Section 3. The proposal is approved subject to the following terms and conditions:
 - a) Payment by the applicant of Recorder and State Board of Equalization fees.
 - b) Upon the effective date of annexation, the City shall accept the County Master

Resolution RO 06-25 Page 2 of 6

Plan of Drainage (MPD) that is in effect for the annexation area. County of Orange Resources and Development Management Department, Planning & Development Services/Subdivision & Infrastructures, should be contacted to provide any MPD which may be in effect in the annexation area. Deviations from the MPD shall be submitted to the Manager of the Flood Control Division, County of Orange, Resources and Management Department, for review to ensure that such deviations will not result in diversion between watersheds and/or will not result in adverse impacts to OCFCD's flood control facilities.

- c) Upon the effective date of annexation, the City shall be responsible for the administration of floodplain zoning and Federal Emergency Management Agency (FEMA) floodplain regulations within the annexation area.
- d) Upon the effective date of annexation, the City shall coordinate development within the annexation area that is adjacent to any existing flood control facilities for which OCFCD has a recorded flood control easement or owns fee interest, by submitting plans and specifications to the Manager of the Flood Control Division, County of Orange, Resources and Development Management Department, for review and comment. If such facilities are in need of improvement to provide the required flood control and/or erosion protection for the development, the City shall require the developer to enter into an agreement with OCFCD for the design, review, construction, acceptance and maintenance of such necessary flood control improvements.
- e) Upon the effective date of annexation, the City shall require developers of development proposals, which are adjacent to regional drainage course which are not owned or maintained by OCFCD but are in need of improvement to provide the required flood control and/or erosion protection for the development, to enter into an agreement with OCFCD for the design, review, construction, acceptance, and maintenance of proposed regional flood control facilities.
- f) Upon the effective date of annexation, all right, title and interest of the County,

Resolution RO 06-25 Page 3 of 6

- including the underlying fee title where owned by the County in an any and all sidewalks, trails, landscaped areas, open space, street lights, signals, storm drains, water quality treatment basins and/or structures, and water quality treatment basins or systems serving roadways and bridges shall vest in the City, except for those properties to be retained by the County specifically listed by these conditions.
- g) Upon the effective date of annexation, the City shall be the owner of all of the following property owned by the County: public roads, adjacent slopes, street lights, traffic signals, mitigation sites that have or have not been accepted by regulatory agencies but exist or are located in public right-of-way and were constructed or installed as part of a road construction project within the annexed area, and storm drains within street right-of-way and any appurtenant slopes, medians and adjacent property. City shall be responsible for the ongoing mitigation, but not the ownership of, mitigations sites that were installed on other County property, such as flood control and/or Harbors, Beaches and Parks property that were installed as a condition of road construction projects in association with the road projects in the annexed area and the mitigation site that is annexed to the City.
- h) Prior to the issuance of the Certificate of Completion by the Executive Officer, the City shall agree to continue to participate in the San Joaquin Hills

 Transportation Corridor Fee Program, including collecting fees as required by the fee program and depositing said fees together with earned interest on a quarterly basis with the Transportation Corridor Agency (San Joaquin Hills).
- i) The City shall defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attach, set aside, void or annul approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- j) Prior to recordation of the annexation, the City of Newport Beach shall submit to the Executive Officer an amended map and legal description, approved by

Resolution RO 06-25 Page 4 of 6

the County Surveyor, which excludes the entire John Wayne Airport Runway Protection Zone (RPZ) from the annexation territory.

k) Prior to recordation of the annexation, but no later than September 1, 2006, the City of Newport Beach shall file a complete application with LAFCO for the detachment of approximately 2,380 feet of a one-foot wide strip of City property (as shown on "Exhibit C").

1) Prior to recordation of the annexation, but no later than September 1, 2006, the City of Newport Beach and the City of Costa Mesa shall provide written confirmation to the Executive Officer that each city will participate in a series of professionally facilitated discussions, not to exceed 90 days in length, to determine the logical, long-term service provider(s) for Banning Ranch.

m) The effective date of the annexation shall be the date of recordation.

Section 3. The annexing area is found to be inhabited, is within the County of Orange, and is assigned the following distinctive short-form designation: "West Santa Heights Reorganization to the City of Newport Beach (RO 06-25).

Section 4. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Section 56882 of the Government Code.

AYES:

NOES:

Resolution RO 06-25 Page 5 of 6

) 55.
COUNTY OF ORANGE)
I, Robert Bouer, Chair	r of the Local Agency Formation Commission of Orange County, California
hereby certify that the abo	ve and foregoing resolution was duly and regularly adopted by said
Commission at a regular med	eting thereof, held on the 12th day of July, 2006.
IN WITNESS WHER	REOF, I have hereunto set my hand this 12 th day of July 2006.
	ROBERT BOUER
	Chair of the Orange County
	Local Agency Formation Commission
	By:

Robert Bouer

STATE OF CALIFORNIA)

Resolution RO 06-25 Page 6 of 6



Banning Ranch
Sphere of Influence Amendment
to the
City of Costa Mesa
(SOI 06-20)





CHAIR ROBERT BOUER

Councilmember City of Laguna Woods

VICE CHAIR
BILL CAMPBELL

Supervisor Third District

PETER HERZOG

Councilmember City of Lake Forest

ARLENE SCHAFER

Director Costa Mesa Sanitary District

SUSAN WILSON

General Public

TOM WILSON

Supervisor Fifth District

JOHN WITHERS

Director Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL

Councilmember City of Buena Park

ALTERNATE
RHONDA MCCUNE

Representative of General Public

ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE
CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer

Assistant Executive Officer

SUBJECT: Proposed Banning Ranch Sphere of Influence Amendment

(SOI 06-20)

APPLICANT:

City of Costa Mesa, by City Council resolution.

PROPOSAL:

The City of Costa Mesa is requesting a sphere of influence amendment for 465 acres of unincorporated territory which comprises a portion of Banning Ranch. The territory is currently within the City of Newport Beach sphere of influence. Banning Ranch is located between the Cities of Costa Mesa and Newport Beach, east of the Santa Ana River, south of 19th Street, and north of Pacific Coast Highway. (See Exhibit A on page 6 of this report.) The property is currently separated from the City of Costa Mesa on the west, north and northeast by a one-foot wide strip of property that was annexed to the City of Newport Beach in 1950. The request would change the territory's sphere from the City of Newport Beach to the City of Costa Mesa.

BACKGROUND:

Currently undeveloped, Banning Ranch has been used for oil extraction purposes over the last 75 years. The ultimate use of the Banning Ranch property is yet to be determined – the property owner of Banning Ranch, Newport Banning LLC, is currently exploring development options for the property through the City of Newport Beach. One potential alternative under consideration is development of a portion of the site with residential uses, limited retail commercial uses and a small hotel.

RE: Banning Ranch SOI

Page 2 of 7

The northeastern portion of Banning Ranch is located immediately adjacent to the City of Costa Mesa's Westside "revitalization area" and the City's West 17th and West 19th Streets "dead-end" at the Banning Ranch property line. The City of Costa Mesa's application indicates the following primary reasons for their sphere of influence amendment request:

- Primary vehicle access to Banning Ranch will be through City of Costa Mesa streets and neighborhoods, specifically West 17th and West 18th Streets.
- City of Costa Mesa municipal services, including police and fire, can be logically
 extended to Banning Ranch from the City's existing street network and
 neighborhoods.
- The City of Costa Mesa will ensure adoption of land use planning goals and implementation measures for Banning Ranch that are consistent with the City's current Westside revitalization strategies.

ANALYSIS:

The 1950 "strip annexation" to the City of Newport Beach has prevented LAFCO from seriously considering long-term municipal service provision for Banning Ranch from any agency other than the City of Newport Beach. To date, this situation has not been problematic because the property has remained undeveloped and in oil production for the past 75 years. Public access to the site is restricted and few municipal services have been required to serve the property.

However, that situation may be changing. Given the site's coastal location and ocean views, combined with the County's continuing demand for new housing, the current property owner is now exploring development opportunities for the site. If the site develops, municipal services must be extended to serve new residents and/or businesses. Because the property is located between both cities, it is unclear which city could provide services most efficiently and cost effectively.

One- Foot Strip Limits Options

With the approximately 9,841-foot long (slightly less than two miles), one-foot wide strip of Newport Beach in place, however, approving the City of Costa Mesa's request cannot lead to eventual annexation of the property to either Costa Mesa *or* Newport Beach for the following reasons:

• If the Commission places the property in the Costa Mesa SOI, the one-foot strip of Newport Beach prevents annexation to Costa Mesa because the property is non-contiguous. State law (Government Code Section 56742) precludes a city

RE: Banning Ranch SOI

Page 3 of 7

from annexing non-contiguous territory unless the property is owned by the city and used for municipal purposes.

 Annexation of Banning Ranch to the City of Newport Beach is also precluded if the Commission places the property in the Costa Mesa SOI. Annexation to a city first requires that the property be located within that city's SOI. The City of Newport Beach cannot annex territory located in the Costa Mesa sphere.

One option to allow for meaningful discussion between all parties on service provision to Banning Ranch is for the City of Newport Beach to detach approximately 2,380 feet (less .5 mile) of the one-foot strip as shown on Exhibit B on page 7 of this report. The detachment, recommended by staff as condition of approval on the City of Newport Beach's request to annex West Santa Ana Heights (also being considered by your Commission today), would allow all parties to identify the full range of service options and service providers available for Banning Ranch.

ALTERNATIVE COMMISSION ACTIONS

There are several options available for the Commission to consider when evaluating the City of Costa Mesa's request for a sphere change for Banning Ranch. Key options are summarized below, followed by staff comments on each alternative.

Options:

- 1. Approve the City of Costa Mesa's sphere of influence amendment request for Banning Ranch, changing the territory's SOI from Newport Beach to Costa Mesa. This option would preclude annexation of Banning Ranch to either Costa Mesa (property is non-contiguous to the City) or to Newport Beach (property must be in city's sphere to be annexed).
- 2. Deny the City of Costa Mesa's sphere of influence amendment request for Banning Ranch. This option respects the existing sphere of influence boundary for Banning Ranch that has been in existence for 30 years and allows for eventual annexation of the property to the City of Newport Beach.
- 3. Deny the Costa Mesa's sphere of influence amendment request for Banning Ranch, and place the Banning Ranch territory in a LAFCO sphere of influence "study area." This alternative postpones any decision on a sphere of influence change in Banning Ranch pending future discussions by LAFCO, the landowner, the City of Newport

RE: Banning Ranch SOI

Page 4 of 7

Beach and the City of Costa Mesa regarding long-term service delivery for Banning Ranch.

ENVIRONMENTAL REVIEW

The City of Costa Mesa, as lead agency, has determined that the proposed annexation is categorically exempt from the California Environmental Quality Act (CEQA). A copy of the City's environmental determination is included as Attachment 1 for the Commission's review.

LETTERS OF COMMENT

Four letters of comment (Attachments 2 through 5) were received by staff and are summarized below:

<u>City of Newport Beach:</u> The City of Newport Beach comment letter (Attachment 2) opposes the sphere of influence change for Banning Ranch. The letter references the one-foot strip of incorporated Newport Beach that surrounds portions of Banning Ranch and discusses efforts in the City's existing and proposed General Plan to identify land use designations for Banning Ranch. The letter also cites the ability of the City to provide both access and municipal services to the territory.

<u>City of Costa Mesa</u>: The City of Costa Mesa, in response to the City of Newport Beach's comment letter (referenced above), indicates that the one-foot strip of Newport Beach should not preclude LAFCO from considering an extension of Costa Mesa's municipal services to Banning Ranch. The City supports a "partial" detachment of the 1-foot strip that would allow existing development to remain in Newport Beach, cites vehicular access opportunities to Banning Ranch from the City as well as an array of nearby municipal services. The City's comment letter is included as Attachment 3.

Newport Banning LLC: As "surface owners" of Banning Ranch, Newport Banning LLC states in their comment letter (Attachment 4) that detailed planning work for the Banning Ranch property has only recently begun. The letter indicates that Newport Banning LLC has been working with the City of Newport Beach as the City continues work on its 20-year General Plan update, but would like to have an opportunity to explore all options for provision of public services to their property.

Mesa Consolidated Water District: Mesa's comment letter (Attachment 5) indicates that the district has adequate water transmission and distribution pipelines adjacent to Banning Ranch that can serve the area.

RE: Banning Ranch SOI

Page 5 of 7

RECOMMENDATIONS:

Staff recommends that the Commission:

- 1. Certify that the Commission has reviewed and considered the information contained within the City of Costa Mesa's environmental determination as described in Attachment 1.
- 2. Deny the City of Costa Mesa's sphere of influence amendment request at this time, and place the Banning Ranch territory into a LAFCO sphere of influence "study area" pending completion of facilitated discussions between LAFCO and the Cities of Costa Mesa and Newport Beach.

JOYCE CROSTHWAITE	BOB ALDRICH

Exhibits:

- A. Banning Ranch Location Map
- B. Banning Ranch Proposed Detachment Area

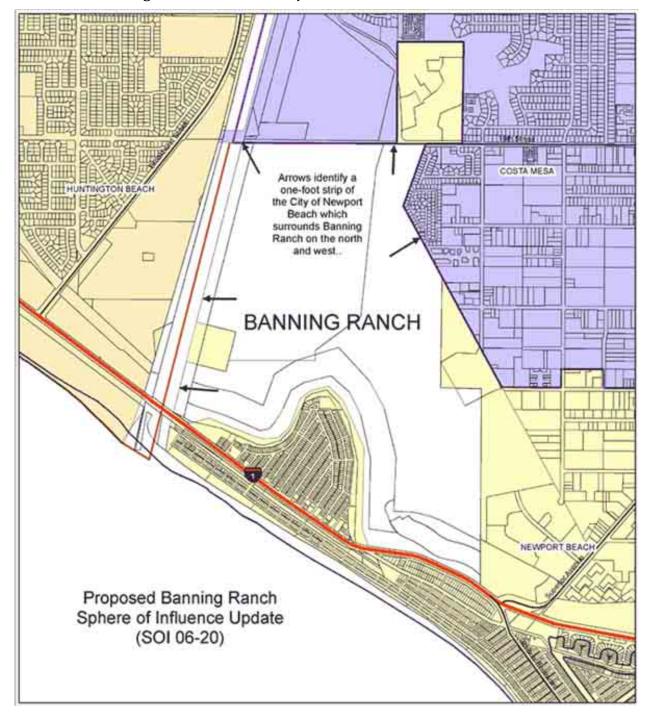
Attachments:

- 1. Categorical Exemption (Costa Mesa)
- 2. Comment Letter City of Newport Beach
- 3. Comment Letter City of Costa Mesa
- 4. Comment Letter Newport Banning LLC
- 5. Comment Letter Mesa Consolidated Water District

RE: Banning Ranch SOI

Page 6 of 7

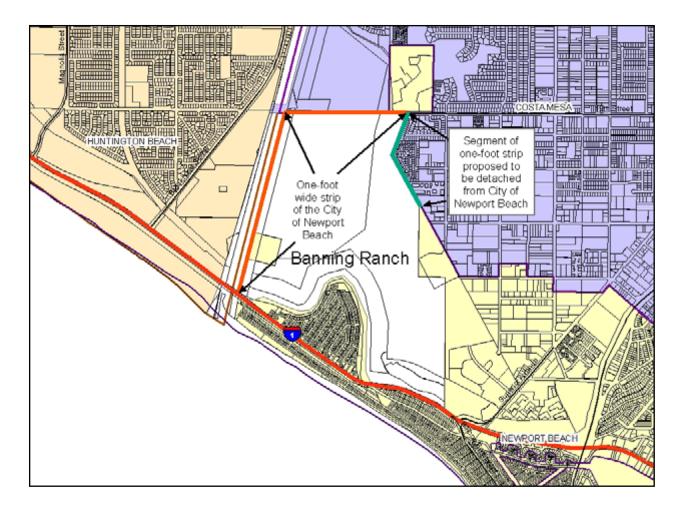
Exhibit A - Banning Ranch Location Map



RE: Banning Ranch SOI

Page 7 of 7

Exhibit B - Proposed Detachment of 1-foot Segment of Newport Beach



Attachment 1 -

Categorical Exemption (City of Costa Mesa)

ATTACHMENT 1

NOTICE OF EXEMPTION

То:	×	Office of Planning a 1400 Tenth Street, Sacramento, CA 9 County Clerk-Reco	Room 121 5814	From:	City of Costa Mesa Development Services Dept. 77 Fair Drive, P.O. Box 1200 Costa Mesa, CA 92628		
		County of Orange P.O. Box 238, Sant	a Ana, CA 92702-0238		3 Filing Fee Attached ee – City projects exempt from filing fee		
SPHERE OF INFLUENCE REORGANIZATION BETWEEN THE CITIES OF COSTA MESA AND NEWPORT BEACH IN RESPECT TO BANNING RANCH.							
Project Location: BANNING RANCH IS GENERALLY LOCATED SOUTH OF THE EXTENSION OF W. 19 TH STREET, EAST OF THE SANTA ANA RIVER, NORTH OF W. COAST HWY., AND WEST OF THE TERMINUS OF W. 17 TH AND W. 16 TH STREETS.							
Proj	ect Lo	cation - City: NONE-	UNINCORPORATE	D AREA	Project Location – County: ORANGE CO.		
Des	criptio	n of Nature, Purpose,	and Beneficiaries of	of Project:			
ARE	ORGA	NIZATION OF THE SPH	RE OF INFLUENCE F	OR BANNIN	IG RANCH FROM THE CITY OF NEWPORT BEACH		
					OUNTY OF ORANGE AND OTHER MUNICIPAL		
		REGARDING THIS ARE					
Nam	e of Pi	ubilc Agency Approvi	ng Project:	ORANG COMMIS	SE COUNTY LOCAL AGENCY FORMATION SSION		
Nam	e of Pe	erson or Agency Carr	ying Out Project:	CITY OF	COSTA MESA		
Exer	npt Sta	itus: (Check One)					
		Ministerial (Sec. 210					
		Declared Emergency					
		Emergency Project (
		Categorical Exemption Statutory Exemption			mber: CLASS 20 EXEMPTION, CEQA GUIDELINES SECTION 15320		
Reas		hy project is exempt:		BI.			
		•		er uekoe			
					E FOR BANNING RANCH DOES NOT DING SERVICES TO THIS AREA.		
		y Contact Person:					
		oplicant:			ICIPAL PLANNER Phone: (714) 754-5604		
1.	Attach		of				
2.	Has a filed by the pro	Notice of Exemption been the public agency approviruject?	yn Yes N	No			
Signa	ature;			Date:	: Title:		
FISH &	GAME FE. Signed	ES: Pursuant to Section 711.4(c by Lead Agency	c)(2)(A) of the California Fish a Date received	and Game Code, for filing at (, the project is exempt from fees since it is exempt from CEQA. OPR:		
	Signed	by Applicant					
					Filed with the County Clerk: ☐ Yes ☐ No Date Filed:		
				- 1	•		

Attachment 2 -

Comment Letter, City of Newport Beach



CITY OF NEWPORT BEACH

OFFICE OF THE MAYOR

DECEIVED NAY 0 3 2006

Mayor Don Webb

Mayor Pro Tem
Steven Rosansky
Council Members

Keith D. Curry Leslie J. Daigle Richard A. Nichols Tod W. Ridgeway Edward D. Selich April 28, 2006

Ms. Joyce Crosthwaite, Executive Officer
Orange County Local Agency Formation Commission
12 Civic Center Plaza, Room 235
Santa Ana, California 92701

RE: Proposed Banning Ranch SOI Amendment (SOI 06-20)

REVISED LETTER

Dear Ms. Crosthwaite:

Per Orange County LAFCO's memorandum of April 14, 2006, the City of Newport Beach must respectfully oppose the proposed Sphere of Influence (SOI) amendment offered by the City of Costa Mesa for the Banning Ranch area. The City believes that Banning Ranch's SOI is appropriate as it stands today for the following reasons:

- The area is not adjacent to Costa Mesa. A 1' strip of incorporated Newport Beach surrounds the northern and westerly edge of the Banning Ranch - a strip that has been place since 1950. Any SOI change that affects incorporated Newport Beach - including this strip should necessarily involve a detachment from Newport Beach, a detachment proceeding that our City Council will oppose.
- This 1' strip connects Newport Terrace to the remainder of Newport Beach. We are concerned about any detachment of Newport Terrace, because we believe that Newport Beach has an ongoing and important role in working with the Newport Terrace community given the closed city landfill and the methane monitoring there.
- The City of Newport Beach's existing General Plan and our proposed updated General Plan includes land use designations for the Banning Ranch. Both include policies in each General Plan Element for the City to serve and process approvals for the development of the area and as a means to protect as much of the area as environmental open space as possible.
- In addition to including the area in our General Plan, we have always been prepared to provide municipal services to the region, including Police, Emergency Medical Services, and Fire services. Banning Ranch is immediately adjacent to or nearby our two corporate yards, which provide utility administration, street sweeping, storm drain maintenance, trash collection, road repair, and many other field services.

- Costa Mesa's argument that "primary access" to the Banning Ranch may be off of West 17th Street (which dead-ends into Newport Beach) and West 18th Street may not be valid and is not, to our knowledge supported by any planning studies. There is currently access to the property from Coast Highway by the property owners and the City for oil operations. Access into the property, once developed, can appropriately be taken from the following points within Newport Beach:
 - PCH via a "Bluff Road" once proposed for the area near Newport Beach's oil and gas facilities;
 - o 16th Street;
 - o 15th Street; and
 - o Ticonderoga
- Costa Mesa's application may undermine efficient planning and development processing. Newport Beach staff has, in recent years, discussed development concepts including the protection of open space and wetlands with the property owner with processing its ideas for development of the property with a single agency, the City of Newport Beach, instead of splitting the development between the City and the County of Orange. Costa Mesa's proposal may divide the Banning Ranch area into two communities (and possibly three planning agencies). Doing so could undermine the ability to pursue the potential for portions of the property to become protected open space, parklands and or wetlands.

The City of Newport Beach appreciates this opportunity to comment on the proposed SOI Amendment. Please note that we reserve the right to provide additional information and legal consideration to support our opposition should there be continued consideration of the SOI adjustment.

To assist our City in responding to the proposal, I respectfully request that LAFCO continue to provide us with copies of the Costa Mesa proposal and of other documents, including comment letters, which LAFCO may receive on this matter.

If you have any comments about this letter, please do not hesitate to contact us at 949-644-3000.

Sincerely,

DON WEBB

Mayor of Newport Beach

cc:

Members of the Newport Beach City Council

Supervisor Jim Silva, 2nd District Homer Bludau, City Manager Robin Clauson, City Attorney

Allan Roeder, City Manager of Costa Mesa

Attachment 3 -

Comment Letter, City of Costa Mesa



CITY OF COSTA MESA

CALIFORNIA 92628-1200

P.O. BOX 1200

FROM THE OFFICE OF THE MAYOR



May 30, 2006

LOCAL AGENCY FORMATION COMMISSION

Ms. Joyce Crosthwaite, Executive Officer
Orange County Local Agency Formation Commission
12 Civic Center Plaza, Room 235
Santa Ana, California 92701

SUBJECT: PROPOSED BANNING RANCH SPHERE OF INFLUENCE AMENDMENT (SOI

06-20)

Dear Ms. Crosthwaite.

The City of Costa Mesa has reviewed the correspondence from the City of Newport Beach dated April 28, 2006 regarding our proposed sphere of influence application for Banning Ranch. In response to Newport Beach's correspondence, we offer the following information for your consideration.

- Costa Mesa does not believe that the 1-foot strip of Newport Beach that encompasses Banning Ranch negates the fact that indeed Costa Mesa shares a 4,800-foot long common boundary with Banning Ranch. Mayor Webb states in his letter that this incorporation occurred in the 1950s. This statement is very relevant to this application, since it is exactly this type of incorporation practice that led to the adoption of State law that required Local Agency Formation Commissions (LAFCOs) to be formed, and we believe that an incorporation such as this would not be approved under current State law. We further believe that Newport Beach's 1-foot strip should not automatically predispose LAFCO's determination on our application, nor should it preclude LAFCO's consideration of the logical extension of Costa Mesa's municipal services to Banning Ranch.
- Costa Mesa believes there is a practical solution that results in only a partial detachment
 of the 1-foot strip that will allow Newport Terrace to remain in the City of Newport Beach.
 A partial detachment will allow Newport Beach to continue their role of monitoring the
 methane gas and working with the Newport Terrace community.
- The City of Costa Mesa General Plan has long identified the sensitive and valuable regional resources that exist all along the Santa Ana River and to this end, the City has adopted a master plan for Costa Mesa's 200-acre Fairview Park that promotes passive uses and the preservation and restoration of the park's native resources. Additionally, the City's 2000 General Plan Open Space Element discusses the importance of trail linkages between Upper Newport Bay, Fairview Park, the Santa Ana River, and the North Talbert/Fairview Regional Park. Therefore, it is logical to conclude that Costa Mesa will ensure that this valuable regional open space spine is continued into Banning Ranch.
- As stated in our SOI application, numerous municipal services and facilities currently exist in Costa Mesa's Westside, which are conveniently located to Banning Ranch. This includes a Police Substation on West 18th Street and Costa Mesa Fire Station Number 3 located at 1865 Park Avenue. Costa Mesa Fire Station Number 4 is located at 2300 Placentia Avenue. The City of Costa Mesa Downtown Center located on Anaheim

77 FAIR DRIVE

Avenue includes community rooms and an Olympic size pool. The Neighborhood Community Center located on Park Avenue also includes numerous community rooms and is the center for many community events. The Orange County Costa Mesa Branch Library is located at 1855 Park Avenue.

• In respect to circulation access to Banning Ranch, Newport Beach's letter states that primary access to the property will be via Pacific Coast Highway via "Bluff Road", 16th Street, 15th Street and Ticonderoga, and no planning studies indicate the use of Costa Mesa's streets. As shown on the Figure 1, the Orange County Transportation Authority's Master Plan of Arterial Highways indicates future connections to Bluff Road (a planned major arterial that runs in a north/south direction through Banning Ranch) from both West 19th Street and the extension of West 17th Street, which are Costa Mesa's streets east of Banning Ranch. Additionally, OCTA's master plan indicates that West 17th Street is to ultimately connect to Pacific Coast Highway through Banning Ranch. The Costa Mesa Master Plan of Highways also shows these arterial connections (Figure 2). We have also attached a copy of the City of Newport Beach's proposed Master Plan of Streets and Highways (Figure 3) that shows West 17th Street extending to Bluff Road and Bluff Road connecting to West 19th Street.

Therefore, we respectfully once again assert that primary circulation access to Banning Ranch from the north and east will be provided through Costa Mesa's neighborhoods and street system. Furthermore, if Bluff Road is ultimately connected to Victoria Street, a direct access to Banning Ranch from Fountain Valley and Huntington Beach to the northwest will be created through, once again, Costa Mesa.

 Finally, Newport Beach indicates that our SOI application may undermine efficient planning and development processing. We contend that efficient and logical planning is exactly what our SOI application is intended to promote for Banning Ranch. We believe that Newport Beach's 1-foot strip has created an artificial and arbitrary barrier that impedes a comprehensive planning analysis of one the County's most valuable coastal resource areas.

We look forward to working with LAFCO, the City of Newport Beach, and the County of Orange regarding our SOI application and reaching an equitable solution for Banning Ranch.

Sincerely.

Mayor

Attachments

Costa Mesa City Council
 Homer Bludeau, Newport Beach City Manager
 Dave Kiff, Newport Beach Assistant City Manager

Attachment 4 -

Comment Letter, Newport Banning LLC

ATTACHMENT 4

Newport Banning Ranch LLC

DECEIVED APR 2 8 2006

April 27, 2006

LOCAL AGENCY FORMATION COMMISSION

Mr. Bob Aldrich Assistant Executive Officer Orange County Local Agency Formation Commission 12 Civic Center Plaza, Room 235 Santa Ana, CA 92701

SUBJECT: PROPOSED "BANNING RANCH SPHERE OF INFLUENCE

AMENDMENT (SOI 06-20)"

Dear Mr. Aldrich:

This letter is submitted in response to the request for comments made in your correspondence dated April 14, 2006. We represent the surface owners of approximately 402 acres of the property commonly referred to as the Banning Ranch. Although a portion of our land is located in the City of Newport Beach, the majority of our property lies within unincorporated Orange County territory presently in the Sphere of Influence ("SOI") of Newport Beach. For your information, an additional 10 acres of property owned by the Newport Mesa Unified School District is also typically associated with the Banning Ranch site but we are not in a position to represent the views of the School District. We have attached a Political Boundaries map to this letter which may help to illustrate current Banning Ranch ownership and jurisdictional relationships.

As your letter points out, the Banning Ranch property has been the site of extensive oil field producing operations for many decades. These operations presently affect or encumber most of the site. It is the intention of the surface owners to proceed with a comprehensive planning and entitlement effort over the next several years that is expected to result in consolidation of the oil field uses into a number of smaller discrete drilling and producing sites which will, following a significant oil field abandonment and remediation program, permit the transformation of the balance of the land into a master planned real estate development. This plan is currently anticipated to provide for variety of residential housing units and retail commercial opportunities along with the provision of substantial open space focused on preservation of sensitive resources and recreational use.

Our detailed planning work for the Banning Ranch property is just now getting underway. Thus far we have assumed our unincorporated Banning Ranch property would be developed in either the City of Newport Beach, pursuant to the negotiated terms of a preannexation and development agreement, or under the purview of the

MP6 - 1

County of Orange. Accordingly, we have been working in earnest with the City of Newport Beach as they are in the midst of a citywide 20-year general plan update that also includes our property. The general plan dialogue with Newport Beach has been ongoing for at least the last two years but likely won't be complete until late this year. Your letter indicates the City of Costa Mesa is requesting the proposed SOI change. As of this date, we have not yet had an opportunity to meet with representatives from Costa Mesa to better understand their goals and objectives. In light of the above, we are unable to offer definitive thoughts on the proposal at this time. It is also not clear to us what is driving the perceived urgency of this potential action and we saw no schedule or timetable in your letter. It seems to us that it would make sense to defer any final or irreversible action until such time as all parties have a chance to further explore applicable synergies for provision of public services and benefits related to our land. Therefore, we respectfully are reserving our right to offer further comment.

In summary, although our Banning Ranch property has a number of complex issues that must be resolved, it will be a fundamental tenet of our planning to further develop and maintain positive relations with all of our neighbors. We look forward to collaboration with your agency and all affected stakeholders in the coming months to hopefully identify the best option for all parties. If you have any questions feel free to contact me at any time.

Sincerely,

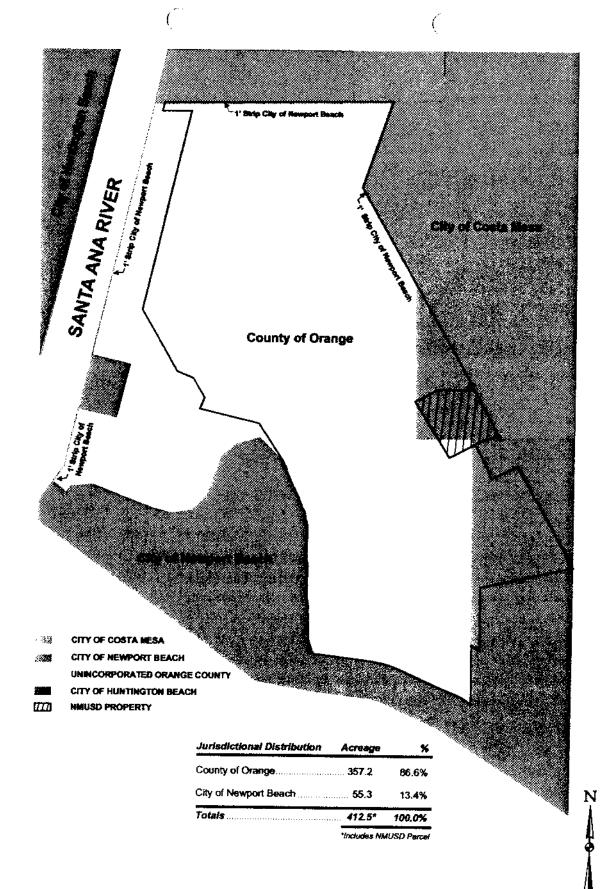
George L. Basye

Manager

Newport Banning Ranch LLC

GLB:mep

Attachment



Attachment 5 -

Comment Letter, Mesa Consolidated Water District



DECEIVED N APR 2 8 2006

District Mission: Dedicated to Satisfying our Community's Water Needs

April 27, 2006

LOCAL AGENCY FORMATION COMMISSION

Mr. Bob Aldrich

Assistant Executive Officer

Local Agency Formation Commission Orange County

12 Civic Center Plaza, Room 235 Santa Ana, California 92701

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Treasurer / Auditor

BOWIE, ARNESON, WILES & GIANNONE Legal Counse! Subject: Proposed "Banning Ranch Sphere of Influence Amendment (SOI 06-20)"

Dear Mr. Aldrich:

Mesa Consolidated Water District (Mesa) provides the following comments on the proposed project.

Mesa is well positioned to provide water service to the Banning Ranch area. Mesa has transmission (30-inch and 16-inch in diameter) and distribution pipelines (8-inch in diameter) adjacent to the Banning Ranch area. Mesa has a ten million gallon reservoir and pump station in the vicinity of Banning Ranch near the intersection of 19th Street and Placentia Avenue. Water service can logically be extended to the area through City of Costa Mesa streets, specifically West 17th and West 18th Streets.

Mesa appreciates the opportunity to comment on the proposed project. If you have any questions please contact Bob McVicker, District Engineer at (949) 631-1291 or via e-mail at bobm@mesawater.org.

Sincerely,

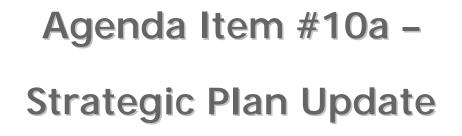
Diana M. Leach

General Manager

c: Board of Directors

Bob McVicker, District Engineer

Allan Roeder, Costa Mesa City Manager







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ALTERNATE

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ALTERNATE

JAMES W. SILVA

Supervisor Second District

ALTERNATE

CHARLEY WILSON

Director Santa Margarita Water District

JOYCE CROSTHWAITE

Executive Officer

July 12, 2006

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: Update to 2006 Work Plan

Each year in January the Commission adopts a Strategic Plan and a work plan for the upcoming year. To help the Commission and staff monitor the work program, staff returns after six-months with an update. The attached report summarizes progress made toward the 2006 goals.

RECOMMENDATION

Staff recommends that the Commission:

1. Receive and file the attached "2006 Strategic Plan Mid-Year Update"."

Respectfully submitted,

Joyce Crosthwaite

Attachments:

1. 2006 Work Plan Update



Work Plan Update June 2006

The Commission held its ninth annual Strategic Planning Session on January 27, 2006. As part of that strategic planning process, the Orange County LAFCO directed staff to return in June for a mid-year assessment of its 2006 annual work plan.

LAFCO'S MISSION STATEMENT

The mission statement adopted by Orange County LAFCO in 2005 is:

LAFCO serves the citizens of Orange County by facilitating constructive changes in governmental structure and boundaries through special studies, programs, and actions that resolve intergovernmental issues, by fostering orderly development and governance, and by promoting the efficient delivery of services. LAFCO also serves as a resource for local governments and citizens by providing a structure for sharing information among stakeholders in Orange County.

Revised Annual Work Plan

The following is a revised Work Plan for 2006. Items that have been completed or that are in progress are shaded. Items added are underlined.

REVISED 2006 WORK PLAN

Spheres of Influence (2006)						
Projects Month Started Month of Hearing Notes						
South County MSR/SOI	January 2005	March 2006	MSR and SOI completed; staff providing quarterly updates regarding future governance of Rancho Mission Viejo area			
Cities of Los Alamitos and Seal Beach and Los Alamitos Rossmoor CSD,	January 2006	July 2006	Completion of MSR/sphere that began in 2004.			
City of Yorba Linda and Yorba Linda Water District MSR/SOI	November 2005	May 2006	Completed			

Municipal Service Reviews/Spheres of Influence (2006)

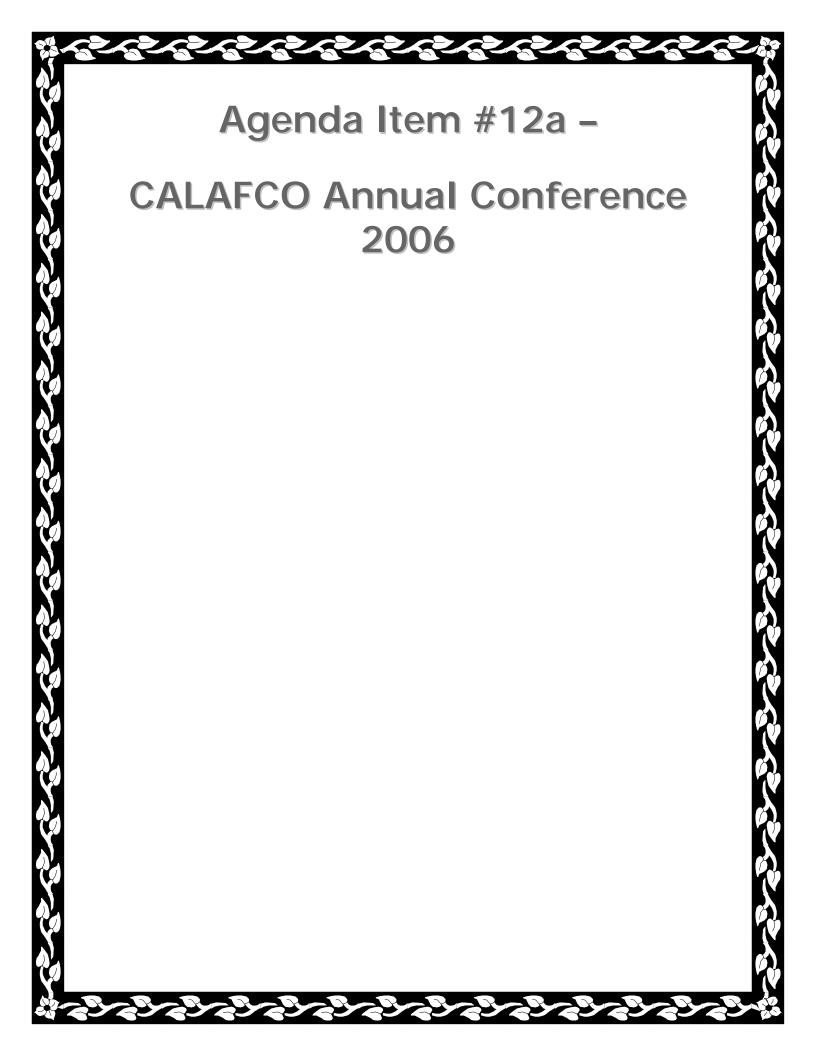
Projects	Month Started	Month of Hearing	Notes			
Central Orange County MSR/SOI—Cities of Westminster, Garden Grove, Anaheim, Fountain Valley, Santa Ana, and Stanton; Midway City and Garden Grove Sanitary Districts	February 2006	bruary 2006 November 2006 In progress; first stakeholder meeting held				
Cities of Costa Mesa and Newport Beach MSR	November 2006	July 2007	July 2007 Commission meeting			
Orange County Water District MSR/SOI and possible annexations	April 2006	December 2006	Draft MSR report completed; stakeholder process to begin July/August 2007			
Municipal Water District of Orange County MSR/SOI	June 2006	December 2006	Will begin August 2007			
Harbors, Beaches, and Parks County Service Area (CSA) #26	January 2006	February 2006	Completed			

Reorganizations/Annexations (2006)					
Projects	Month Started	Month of Hearing	Notes		
Fullerton Detachment from Buena Park Library District	April 2006	August 2006			
Planning Area 5B/9B Annexation (City of Irvine)	June 2006	December 2006	Completed		
Reorganization of Irvine Ranch Water District and Santiago County Water District	March 2006	June 2006	Completed		
Continue Audits of Previous LAFCO Approvals		Ongoing			

Island Annexations (2006)					
Projects Month Started Month of Hearing Notes					
Placentia February 2006 November 2006 LAFCO staff working with City					
La HabraMarch 2006December 2006Expect application from City in fall of 2006					
San Juan Capistrano	February 2006	December 2006	Expect application from City in summer of 2006		

Administrative Functions (2006)						
Projects Month Started Month of Hearing Notes						
Policies and Procedures Update	Ongoing	February 2006	Completed			
Convene group to revise definitions of "developed" areas as contained in Master Property Tax Agreement.	January 2006	December 2006				
Continue update of GIS system; training of all staff completed	January 2006	December 2006	On-going			
Institute cafeteria plan for benefits	January 2006	March 2006	In progress			
Fee Schedule Revision	November 2004	April 2005	Annual update in preparation for budget			
FY 04-05 Annual Audit	January 2006	February 2006	Completed			
Discussions with adjacent LAFCOs regarding staffing	Ongoing	Ongoing	Completed			
Plan/Coordinate Spring 2007 CALAFCO Workshop	May 2006	Ongoing				

Outreach & Education (2006)					
Projects	Month Started	Month of Hearing	Notes		
LAFCO 101 Workshops	Ongoing	As requested	Hold necessary LAFCO 101 workshops for city councils and district board members.		
OCLS	Ongoing	January 2006	Work with other agencies on OCLS.		
Mediation/Facilitation Training January 2006 January 2007 Completed.		Completed.			
Legislative Outreach	Ongoing		Continue to meet with legislators and field staff.		







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Supervisor
Third District

PETER HERZOGCouncilmember
City of Lake Forest

ARLENE SCHAFERDirector
Costa Mesa
Sanitary District

SUSAN WILSON Representative of General Public

Tom WILSON Supervisor Fifth District

JOHN WITHERSDirector
Irvine Ranch Water District

ALTERNATE
PATSY MARSHALL
Councilmember
City of Buena Park

ALTERNATE
RHONDA MCCUNE
Representative of
General Public

ALTERNATE

JAMES W. SILVA
Supervisor
Second District

ALTERNATE
CHARLEY WILSON
Director
Santa Margarita
Water District

JOYCE CROSTHWAITEExecutive Officer

DATE: July 12, 2006

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: CALAFCO Annual Conference 2006

This year's CALAFCO Annual Conference will convene at the Westin Horton Plaza Hotel in San Diego from September 5 through September 7, 2006. Please note, the day pattern has changed from years past. While the conference typically runs Wednesday through Friday, this year's conference convenes Tuesday and adjourns Thursday.

Communications Analyst Danielle Ball will coordinate registration. The details are attached. If you have not already done so, please RSVP to her at your earliest convenience, responding to the following questions:

- Will you bring a guest to the conference? (\$150 fee to be paid by registrant, includes Tuesday night reception/beer tasting and Wednesday night banquet)
- Will you attend the mobile conference? (9 a.m. to 10:30 a.m. on Tuesday morning, prior to the conference kick-off. Requires advanced registration.)
- What is your dinner selection for Wednesday night's banquet? (You have a choice of a grilled NY steak in Pinot Noir sauce, roasted chicken and grilled garlic shrimp, or roasted vegetable napoleon)
- Will you attend the League of California Cities EXPO on Thursday afternoon after the close of conference? (\$45 fee to be paid by registrant)

One final consideration, CALAFCO will be acknowledged at the San Diego Padre's baseball game against the Colorado Rockies on Tuesday evening, September 5. If you are interested in attending the game with your fellow commissioners, available tickets range in price from about \$15 to \$50 (depending on location). Please coordinate with Danielle, who will collect money and purchase a block of tickets for our group.

Attachment

San Diego Local Agency Formation Commission

C E Website www.sdlafco.org

rfan and

Chairman

Andrew L. Vanderlaan Public Member

June 8, 2006

LOCAL AGENCY FORMATION COMMISSION

Vice Chairman

Bill Hom County Board of Supervisors

TO:

CALAFCO and Associate CALAFCO Members

FROM:

SUBJECT:

Michael D. Ott, Executive Officer

2006 CALAFCO Annual Conference

Members

Donna Frye Councilmember City of San Diego

Dianne Jacob County Board of Supervisors

Andrew J. Menshek Padre Dam Municipal Water District

Ron Morrison Councilmember City of National City

Bud Pocklington South Bay Irrigation District

Betty Rexford Councilmember City of Poway

Alternate Members

Christy Guerin Mayor City of Encinitas

Greg Cox County Board of Supervisors

John S. Ingalls Santa Fe Irrigation District

Harry Mathis Public Member

Kevin Faulconer City of San Diego Representative

Executive Officer

Michael D. Ott

Counsel

William D. Smith

On behalf of the California Association of Local Agency Formation Commissions (CALAFCO), San Diego LAFCO invites you to attend the 2006 CALAFCO Annual Conference in San Diego. The conference will convene at the Westin Horton Plaza on Tuesday, September 5, at 2:00 p.m., and adjourn on Thursday, September 7, at noon. A pre-conference guided mobile workshop of downtown San Diego redevelopment will be held from 9:00 to 10:30 a.m. on Tuesday; another pre-conference activity—the LAFCO 101 Orientation—will begin at 11:00 a.m.

The 2006 Conference Program Committee led by Kathleen Rollings-MacDonald, Executive Officer of San Bernardino LAFCO, is developing an exceptional program under this year's theme—Stepping Up To The Plate. The program will provide an opportunity for outstanding keynote speakers and session leaders to discuss the trends and issues that are impacting LAFCO's role.

CALAFCO will host a reception on Tuesday where baseball will rule; some lucky fan will leave with a baseball personally signed by Tony Gwynn. CALAFCO will be acknowledged at the Padre's Tuesday night game at San Diego's new downtown ballpark. We hope everyone has already purchased a ticket; if not, visit on-line ticket sales at: sandieago.padres.mlb.com promptly. On Wednesday, LAFCO achievements will be celebrated at a special awards banquet.

The League of California Cities, which is holding its Annual Conference in San Diego September 6 thru 9, has extended an invitation to CALAFCO to attend the League EXPO on Thursday afternoon following the close of the CALAFCO conference. A form is enclosed to submit the required registration and fee directly to the League.

CALAFCO and Associate CALAFCO Members Page 2 June 8, 2006

Conference registration should be received by San Diego LAFCO by August 6. Registrations received after that date will be subject to an additional charge. Hotel reservations must be made directly with the Westin Horton Plaza. A special conference rate of \$120 single/\$134 double is being reserved through August 6. There is also the opportunity to receive the conference rate for September 3 and 4 on a space-available basis. The following pages contain detailed information about the conference and hotel registration.

If you have any questions, please contact Claire Riley at Claire.Riley@sdcounty.ca.gov, or at 619 531-5400.

Michael D. Ott Executive Officer

MDO:SA:jb

2006 CALAFCO Annual Conference

General Information

Location and dates

The 2006 Conference will convene in San Diego, Tuesday, September 5 at 2 p.m. and close Thursday, September 7 at noon. Before the Conference opens on Tuesday, a special mobile workshop will be held from 9 to 10:30 a.m. and the LAFCO 101 Orientation from 11a.m. to 12:30 p.m.

Conference facilities

Westin Horton Plaza • 910 Broadway Circle • San Diego, CA 92101

The Westin Horton Plaza is located in the innovative Horton Plaza urban shopping center that is central to the renaissance of downtown San Diego. Award-winning restaurants, theatre, shopping—as well as San Diego's exciting new baseball park—are all found in the adjacent historic Gaslamp District. Other options for visitors include the San Diego Zoo, Balboa Park, Sea World, and of course the beach—all just a short distance away.

Conference hotel rates

\$120 single • \$134 double

Conference rates are effective for September 5 and 6. Hotel reservations must be made by August 6 to receive the conference rate; after August 6, prevailing commercial rates will apply. The conference rates will be available two days before the conference, September 3 and 4, on a space available basis. This is a busy season in San Diego; rooms will go rapidly and there is no guarantee of availability for the extended dates—so act without delay.

Hotel reservations

www.starwoodmeeting.com/Book/calafco

Hotel reservations are made directly with the Westin Horton Plaza: 1-800 WESTIN-1; 619-239-2200; or online at the exclusive Westin/CALAFCO Conference website. Hotel reservations must be made by August 6 to receive the conference rate.

Airport transportation

The Westin Hotel is 3 miles from the San Diego International Airport. A Cloud 9 Shuttle one-way fare is \$8. Credit card reservations may be made at www.cloud9shuttle.com or 800/974-8885—or use the Cloud 9 Shuttle direct-line at the airport.

SPECIAL ACTIVITIES

CALAFOG Awards Banquet

LAFCO achievements will be cetebrated at a special Awards Banquet on Wednesday, September 6. Following an alfresco reception, the richness of LAFCOs' accomplishments will be honored at a roof-top banguet.

CALAPSO SE PETED PAR

CALAFCO will be acknowledged at San Diego's new downtown baseball field—PETCO Park—at the Tuesday, September 5th night game between the San Diego Padres and the Colorado Rockies, CALAFCO will host a pre-game taligate party and micro-brewery tasting before conferees stroll to PETCO Park for the 7 p. m. game, Conferees will purchase their own tickets. To avoid possible disappointment, baseball fans should visit sandiego.padres.mlb.com as soon as possible for on-line ticket sales.



Driving-parking

Driving instructions to the Westin from all points are available at www.westin.com/hortonplaza. Daily hotel parking is \$25.

Conference fee

Regular and Associate CALAFCO registration covers:

- All conference sessions and materials
- Tuesday: LAFCO 101 Orientation and lunch; pre-game tailgate reception and micro-brewery tasting
- Wednesday: breakfast, lunch, reception and CALAFCO Awards Banquet
- Friday: breakfast

The guest rate covers the Tuesday, September 5th reception and micro-brewery tasting and the Wednesday, September 6th reception and CALAFCO Awards Banquet.

Optional workshops

- Mobile Workshop A mobile workshop featuring the redevelopment activities that have encouraged urban infill and fostered emergence of a vibrant downtown residential community will be offered Tuesday September 5th at 9 a.m. The guided bus tour will leave the hotel and return in time to attend the LAFCO 101 orientation. The mobile workshop fee is \$29.50; pre-registration and pre-payment required.
- LAFCO 101 Orientation An orientation to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000—LAFCO 101—will be presented at 11 a.m. on September 5th, before the Conference opens. The 101 workshop is a must for LAFCO newcomers and a popular refresher for anyone interested in LAFCO. Conference fees include LAFCO 101 and funch; however, registration is required.
- League of California Cities EXPO The League of California Cities is holding its Annual Conference in San Diego September 6 thru 9 and has created an enticing opportunity for you to visit the League's exhibition hall. Following close of the CALAFCO program on Thursday, CALAFCO members will be able to view more than 240 exhibitors for a special rate of \$45. The EXPO is within walking distance of the Westin Horton Plaza, at the San Diego Convention Center. Register directly with the League before August 11; see enclosed League form for full details.

Tursday, September 5 — Conference Programs		Dreak
erriber 5 🗕	5:00 p.m. 2:45 p.m. 3:30 p.m.	3:45 p.m.
Tuesday, Sapte	7:30 a.m. — 2:00 p.m. — 2:45 p.m. —	Sign a.m. —
Tuesday. September 5. — PRE-CONFERENCE ACTIVITIES		Pre-registration is required
Tuesday. September 5 —	9:00 a.m. — 10:30 a.m.	

Tailgate party and micro brewery tasting in advance of walk to PETCO Park for a game between the San Diego Padres and the Colorado Rockies.

First pitch at PETCO Park

7:15 p.m.

The Umpire: LAFCO's role in determining water availability

4:45 p.m. General Session

3:45 p.m. —

Hosted Reception

6:15 p.m.

5:00 p.m. —

(
Wednesday, September 5	plember 5		3:15 p.m. — 5:00 p.m.	Concurrent Sessions (continued)
	i 0	Section 2015 and 2015		Track C: Annexation, Consolidation, Incorporation Unwelcomed Growth: Are state requirements forcing
1.30 d.Hi.	ator pull.			urbanization outside of city spheres?
7:30 a.m. —	8:30 a.m.	Breakfast	3:00 p.m 5:30 p.m.	Attorney Session (closed to general membership)
9:00 а.т. —	10:30 a.m.	CALAFCO Executive Board Candidates Forum and CALAFCO Business Session	6:00 p.m. — 7:00 p.m.	Hosted Reception Altresco refreshments and entertainment by JD and the Blues
		Facilitator: Elliot Milberg, CALAFCO Executive Board		Busters
10:30 a.m. —	10:45 a.m.	Break	7:00 p.m. — 10:00 p.m.	CALAFCO Awards Banquet LAFCO accomplishments will be honored at a roof-top banquet.
10:45 a.m. —	11:45 a.m.	Concurrent Sessions		
		Track A: Public Services The California Delta: Fragility of the levee system	Thursday, September 7	
		Track B: LAFCO Operations LAFCO funding	7:30 a.m. — 9:00 a.m.	Conference Registration
		Track C: Annexation, Consolidation, and Incorporation	8:00 a.m 9:00 a.m.	Concurrent Breakfast and Facilitated Roundtables
		Annexations and social equity: The Modesto case study		Breakfast A: Commissioners
12:00 p.m. —	1:30 p.m.	Lunch and Keynote Address		Facilitator: Paul Biane, CALAFCO Executive Board
		Speaker: Michael Colantuono, Member of Governor's Commission		Facilitator: Peter Herzog, CALAFCO Executive Board
		on Local Governance for the 21st Century		Breakfast B: Staff and legal counsel
1:45 p.m. —	3:00 p.m.	Concurrent Sessions		Facilitator: Everett Millais: CALAFCO Executive Officer
		Track A: Public Services [16] A report card on services and water planning	O-Olom — 10-30 am	Facilitator: William S. Chiat, CALAFCO Executive Director General Secution
		Track B: LAFCO Operations MSR and Spheres: Where do we go from here?		Safe-or-Out; Fair-or-Foul: LAFCO and Ethics
		Track C: Annexation, Consolidation, and Incorporation	•	Dicay.
		is there a too small? Ensuring success of	10:45 a.m. — 11:30 a.m.	Legislative update
		incorporations and district formations		Peler Detwiler, Consultant, Senate Local Government
3:00 p.m. —	3:15 p.m.	Break		Committee Anava Lawler, Consultant, Assembly Local Government
3:15 p.m. —	5:00 p.m.	Concurrent Sessions		Committee CALAFCO Legislative Chair
		Track A. Public Services Panel discussion on Beomenization	11:45 a.m.	Adjourn
		Track B: LAFCO Operations	12:00 p.m.	CALAFCO Executive Board Meeting
		ranel discussion on forming independent LAPCUS		

2006 CALAFCO -Annual Conference

September 5, 6, and 7
San Diego • Westin Horton Plaza

Hotel Reservations

Hotel reservations are made directly with Westin Horton Plaza: 1-800 WESTIN-1; 619-239-2200; or online at the exclusive Westin/CALAFCO website: www. Starwoodmeeting.com/Book/calafco. Hotel reservations must be made by August 6 to receive the conference rate.

Conference Registration

- Please submit a separate form for each registrant.
- Payment must accompany each registration.
- The deadline to register at regular conference rates is August 6.
- Mail registrations—with check made payable to CALAFCO—to:

San Diego LAFCO 1600 Pacific Highway • Room 452 San Diego, CA 92101

Direct registration inquiries to: Claire.Riley@sdcounty.ca.gov.

CALAFCO Cancellation Policy

- Registrations are considered complete upon receipt of registration fees.
- A written request to cancel a registration, which is received by San Diego LAFCO prior to August 15, 2006, will receive a 100 percent refund of registration fees.
- A written request to cancel a registration, which is received by San Diego LAFCO from August 15 thru September 4, will receive credit for the 2006 conference fee, which may be applied to either the 2007 Annual Conference or the 2007 Staff Workshop. Only one credit per LAFCO will be issued.
- Registration fees are transferable to unregistered persons if written transfer requests are submitted to San Diego LAFCO.



Sharing information and resources

Conference Registration Form

Please complete separate form for each registrant. Name—Please PRINT name as it will appear on badge Title Affiliation (LAFCO, agency, company, etc.) Mailing Address City, State, Zip E-mail Phone Deadline to register at regular conference rates: August 6 Conference Fees: thru 8/6 after 8/6 CALAFCO member \$390.00 \$440.00 Associate member \$390.00 \$440.00 Non-member \$450.00 \$500.00 Day fee: Tues, 9/5 or Wed 9/6 \$225.00 \$300.00 Thurs, 9/7 \$100.00 \$125.00 Spouse/Guest \$150.00 \$170.00 9/5 Reception/micro-brewery tasting and 9/6 Reception and Awards Banquet Special Workshop Fees: \$ 29.50 \$ 40.00 Mobile workshop 9/5: 9-10:30 a.m. LAFCO 101 orientation Registration required---no fee 9/5: 11a.m.—12:30 p.m. (includes lunch) Total registration fee enclosed: Please select entrée for 9/6 CALAFCO Awards Banquet: Grilled New York steak in pinot noir sauce [Roasted chicken and grilled garlic shrimp [Roasted vegetable napoleon Corrected 6-12-08

2006 Annual Conference & Exhibition

Wednesday, September 6 - Saturday, September 9, 2006 San Diego Convention Center





A Special Invite to CALAFCO Conference Attendees!

Attend the League's Exposition on THURSDAY, September 7 from Noon-5:00 pm for a \$45 registration fee.

Advance Registration Form for EXPO ONLY

Register before Friday, August 11:

- Fax to the League at 916-658-8230, or
- Mail completed form and payment to: League of California Cities, Expo, 1400 K Street, Sacramento, CA 95814
- No refund for cancellation
- Questions? Call the Expo Manager at 916/658-8237. Sorry, phone registrations not accepted.
- Pick up your EXPO Only badge onsite at the Main Registration Desk, Hall F, main lobby

Please enter your name and title, as they should appear on your name badge.		Registration Fee\$45		
Please complete one form per registrant.		Enjoy a complimentary lunch on the show floor and visit with more than 240 exhibiting companies.		
Company/City Primary Contact:		Payment Information Make checks payable to League of California Cities We do not accept AmExp or Discover cards.		
Timary Contact.		☐ MasterCard	□ VISA	☐ Check
Title		Cardholder Name		
Address				
		Credit Card Number		Expiration Date
City	Zip Code	Authorized Signature		<u>.</u>
Telephone	Fax			
E-Mail		access, he	l assistance rela aring or visual o e Registrar at 9	call our